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cesses of the 1980s in the 1990s.

Toronto, she said, should give an

impetus towards the solution of problems ranging from protection-

ism and farm subsidies to Third

World debt and the world's eco-

For President Ronald Reagan.

one of the main priorities was the

need to tackle "structural rigidities

in economies," such as inflexible

work rules, high tax rates and sub-

Helmut Kohl, the West German

chancellor, welcomed a statement

by Mrs. Thatcher calling for closer

European currency cooperation

Mrs. Thatcher said the EC coun-

tries should make greater use of

their common accounting unit, the

However, she stopped well short

of committing Britain to entering

the EC's European monetary sys-

EC countries have long urged.

tem, as West Germany and other

Japanese and European Com-

munity officials said that there was

consensus among the seven that

exchange rates should be "stabi-

lized at their present levels," mean-

ing that the dollar did not need to decline further.

There was much less harmony

however, on the vexing issue of

world trade in agriculture, the sub-

ject of a longstanding dispute be-

ECU, and should hold more of

each others' currencies.

nomic imbalances.

ESTABLISHED 1887

Pentagon Scandal Frew From a Call

Stephen Engelberg New York Times Service /ASHINGTON — When a military procurement inigation began in September

there was little indication it would mushroom into t officials are now calling largest fraud investigation entagon history. t the time, a former U.S.

y employee who had left government to work for a tary contractor was telened by someone who wantto sell inside information in the Pentagon, according ederal investigators.

he caller was a consultant, of many people in the hington area who use their

knowledge and expertise to help military contractors dealing with the Pentagon. The former navy employee alerted the Naval Investigative Service and agreed to record subsequent conversations with the consultant in which the de-

That operation proved successful. Shortly afterwards investigators had the evidence they needed to secure the consultant's cooperation in an investigation.

tails of the deal were fleshed

He allowed the federal authorities to make a recording as he dealt with a Pentagon official who was providing him See PENTAGON, Page 4

Good Old Boys' Are Blamed

The Associated Press

'ASHINGTON - The reported bribery and fraud in Pentagon cons-buying shows that the "good-old-boy network" in the zan administration was more worried about winning huge dee appropriations than ensuring that the money was spent wisely, e senior legislators said Sunday.

mator Sam Nunn, a Georgia Democrat who is chairman of the te Armed Services Committee, said the Pentagon had had "a his management problem" for a number of years. "We had ale being selected for their ideological beliefs, for their salesmanbut not for good sound management," he said.

- presentative Les Aspin, a Wisconsin Democrat who is chair-

of the House Armed Services Committee, agreed and added: surprising this hasn't happened before. You know, it's always . advantageous to have (inside) information."

nator Charles E. Grassley, an Iowa Republican and a critic of agon waste, blamed the affair on "the good-old-boy network," dded: "It's an ethic within the Defense Department that breeds ttitude among the defense industry, 'Catch us if you can.'"

1 Focus on Lehman

By Ruth Marcus Washington Post Service ASHINGTON — The in-Atgation into allegations of -spread fraud and corrupi in Pentagon procurement

mmed up evidence that for-Navy Secretary John F. man Jr. may have learned of probe and tipped off one of e under suspicion, accord-3 to law enforcement sources. mate sources said questions hat Mr. Lehman focus on that he may have obstruct-

ed justice by warning his former assistant, Melvyn R. Paisley now a defense consultant, that his activities might be the subject of a federal investigation. The reported warning occurred after both men had left government service, according to a

Mr. Lehman and Mr. Paisley have been close associates for years. As an official of the Boeing Co., Mr. Paisley hired Mr. Lehman as a consultant See LEHMAN, Page 4

The paralysis, which experts say looms within five years, threatens

the \$57 billion-a-year airline indusmies and some assumptions about the way Americans live and work. Government and business experts estimate that already delays

By Andrew H. Malcolm

New York Times Service

are rapidly approaching gridlock.

in which loaded airplanes sometimes spend mose time on the wasted time and fuel.

ports built for an age of propellers. runway.

Prime Minister Brian Mulroney of Canada welcomed Prime Minister Margaret Thatcher on Sunday at the opening session.

PARIS, MONDAY, JUNE 20, 1988

"We simply have too much alu-NEW YORK — The nation's minum and not enough concrete," major airports, a vast, varied and said T. Allan McArtor, whose reaging collection of former fields and swamps that each year serve sponsibilities as chief of the Federal Aviation Administration include more than 450 million passengers planning for what experts expect to be a decade of crisis for aviation.

About 150 million people will take to the skies above the United try, the nation's international com- States this summer, the nation's petitiveness, countless local econo- peak period of air travel, and many will get a taste of the frustrating

But in scores of interviews in recent weeks, aviation authorities predicted that without a national commitment to a building project ground waiting than they do flying on the scale of that which laced cost the nation \$5 billion a year in together the interstate highway system, today's annoyances may soon

overcrowding and overwork of air- as a DC-3 bouncing along a grass

"We are getting very close, closer than anyone realizes, to commercial aviation gridlock," Mr. McArtor said. "In a very few years, we may well see fully loaded planes in one city unable to leave because there is no room at their destination city, and others can't come into the first city because these planes haven't left

"We'll have all these people and planes locked up on the ground in all these cities, wasting their time and energies. That is not far-

Then we will start rationing our limited capacity to fly people you won't be able to travel on the day, let alone the time, you want --The problem stems from jet-age seem as small and as old-fashioned with all the implications for our

Overloaded U.S. Airports Face Paralysis

While much public attention has focused recently on safety in American aviation, which now moves 92 percent of all intercity common carrier travelers and 10 million tons of cargo a year, little has been

lives, economy and international competitiveness."

placed on the nation's 5,600 air-

Gary Hersborn/Renters

See AIR, Page 4

Canada Summit Stresses Aid to African Debtors could build on the economic suc-

By Reginald Dale

International Herald Tribune TORONTO — The major industrialized countries opened their annual summit meeting here Sunday, and immediately gave high priority to plans for relieving the crippling debt borden of the poorest devel-

Officials from a number of the seven nations - the United States, Japan, West Germany, France, Britain, Italy and Canada - said that one of the three-day summit meeting's main objectives should be to agree on a package of debt relief measures aimed chiefly at the countries of sub-Saharan Africa.

Japan did not wait for the summit meeting officially to open Sunday afternoon to announce a new \$1 billion debt relief package for 17 of the poorest African and Asian nations.

A joint debt relief initiative was seen by officials as a good way of demonstrating the seven's continuing concern with managing world economic problems at a time when their own economic policies do not need major adjustment.

Several delegations stressed that relief for the poorest countries did not imply that similar steps would be taken for more developed Latin American countries.

The seven Western leaders were expected to stress during their talks here that the world economy is in much better shape than generally expected only six months ago, largely thanks to their own success

monetary policies. prime minister, told the opening session that the task of the seven

Margaret Thatcher, the British countries was to decide how they

tween the EC and the United States. EC officials indicated that they would take a strong stand at the summit meeting in the face of rein coordinating economic and newed calls by the United States and Canada for a general dismantling of farm subsidies. British officials said that the issue of debt relief had dominated initial exchanges between Nigel Lawson, Britain's chancellor of the exchequer; James A. Baker 3d, the U.S. treasury secretary; Kiichi Miyazawa, the Japanese finance minister, and the Canadian finance minister, Michael Wilson.

They were optimistic that the summit meeting could agree on a list of debt relief options that would include longer maturities and grace periods, concessionary interest rates and the writing off of

The U.S. position, however, still presented "some difficulties," conference officials said. Washington has consistently pointed out that it has legal and constitutional problems with concessionary interest rates and debt write-offs, which would require Congressional ac-

Mr. Baker, on the other hand, had recently shown interest in the lengthening of maturity periods on loans to the poorest countries, a proposal also featuring in plans advanced earlier this month by President François Mitterrand. France also forgave \$50 million in debt to pooor African nations.

The Japanese plan, announced after talks between Noboru Take-See SUMMIT, Page 4

Israel Issues

Demand to

Soviet Jews

Compiled by Our Staff From Dispatches

cabinet decided Sunday to force

Soviet Jews seeking to emigrate with Israeli visas to travel directly

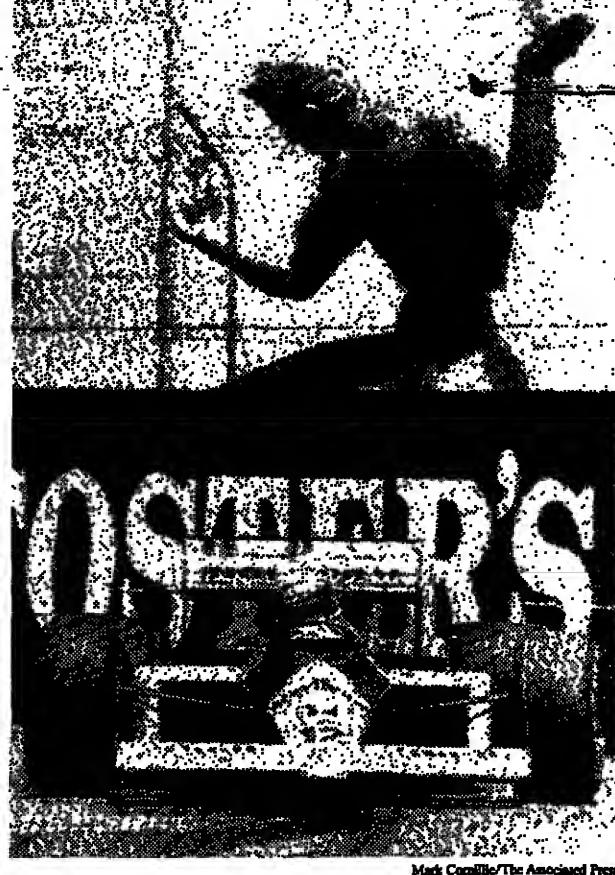
from the Eastern bloc to the Jewish

state. Emigration activists said the

decision may reduce the influx of

Soviet Jews.

JERUSALEM - The Israeli



Kiosk

cosia Agrees **Unity Talks**

ICOSIA (AP) — Presi-George Vassilion of Cyhas agreed to meet with -† Denktash, the leader of warakaway Turkish Cyprispublic, to discuss re-unithe Mediterranean isaccording to an official "xuncement published Sun-

Greek Cypriot official the talks might begin in in Geneva.

ague Expels Foreigners

RAGUE (UPI) - Forty gners were expelled Sun-from Czechoslovakia for cicipating in private semi-with dissidents in Prague, ré sources in Vienna said. ne official press agency confirmed in Prague that eral foreign participants, repeatedly contravened hoslovak laws, had to : the territory."

said that an attempt to nize "a provocative semi-" had been dealt with "in a lute way.

MONDAY O&A



est Stern of the World k has urged action to ve the debt problems of ter nations. Page 2

teral News

stakis adviser assured Eums on the Democratic dential candidate's policy Page 4. actear arms.

Iness/Finance goods are more competia report says. Page 11.

A Showdown Over High Tech in Beijing tory for Stone. If Stone loses, it system completely different from could slow the growth of China's the one Yin Bujin helped develop But at Stone, the atmosphere is

By Daniel Southerland Washington Post Service

BELJING - China has never seen anything like this — a highly publicized battle between an influential state-owned research institute and a rapidly growing, privately held, computer company.

Both sides are making their cases through the media in a way that departs from the hidden maneuvering that is typical of a closed Communist system.

The government-run China Research Institute for Printing Science and Technology charges that Yin Bujiu, one of its computer scientists, abruptly resigned last year, took new typesetting software that he worked on and turned it over to Beijing Stone Group Co., which is

The institute has gone to court and is demanding payments of more than \$810,000, which it says it lost as a result of Stone's "illegal" acquisition of the new technology. If the court decides that the evidence is insufficient to bring the

electronics industry and undermine at the government research instiefforts to encourage creativity and tute. Stone executives believe the private initiative on the part of institute is motivated by jealousy technicians and scientists.

Because China lacks an independent court system, the legal case could easily be influenced by politi-

In the end, mediation by the court could lead to a compromise. Stone has become China's leading electronics company, moving ahead of state organizations with government support.

A victory for Stone is likely to encourage those who would like to leave government jobs and take on less-secure but more highly rewarding work in nonstate enterprises.

By U.S. standards, the money involved in the case is small. But by Chinese standards, the combatants are potential computer giants, representing opposing trends in the

electronics industry. did not pirate any technology and

over Stone's marketing victories. The institute charged that the essential issue was the alleged pirating of software by Mr. Yin and two others who left. Shu Ping, an institute official,

said Mr. Yin refused to turn over his research. "As a result," he said "the contracts between this institute and 12 printing houses could not be fulfilled."

However, Tan Feng, an official with the Stone Group, said the key issue was not ownership but, first, how to give scientists and technicians the freedom they require for creativity and, second, how to create an atmosphere of competition, which has been lacking in many

Chinese industries.

The Stone Group argues that it many government offices. Electric fans stir the air in small rooms with issue to trial, that would be a vic- that it has developed a typesetting gray walls and cement floors.

more dynamic and profits have brought prosperity. Rooms are spacious, well-lit and air conditioned With some 800 employees, Stone has been able to produce and sell more than state-owned companies. which have much larger staffs.

Stone's president, Wan Runnan, 41, and six others founded Stone in 1984, using \$5,400 they had borrowed. Last year, the company sold \$85.5 million worth of electronics equipment.

The company is led by youthful engineers, technicians and scientists, many of whom quit what they regarded as stifling government

Stone's executives said originally that the company's aim was to become "the IBM of China," but they found that in a country that still stresses the virtues of modesty and The placed atmosphere at the re-public ownership, such talk was search institute is much like that in creating enemies rather than friends. They now speak of trying to become a "company of international standing."

SENNA WINS DETROIT GRAND PRIX — Ayrton Senna of Brazil piloting his McLaren Honda on Sunday on the way to his third straight victory in the Grand Prix.

In West Germany, an Uncivil War Divides North and South

By Robert J. McCartney Washington Post Service

BREMEN, West Germany -The neighborhood around Neuwieder Street in this northern river port city is known locally as "little Manhattan" because of its high-rise public housing projects and high rates of unemployment and vandalism.

"People only stay here because an resident said.

The drab brick and concrete buildings, the trash on the sidewalks and the tough-looking adolescents on the streets are reminders that West Germany's prosperity is not distributed evenly throughout the country. The jobless rate in the state of Bremen that surrounds this city is 14,6 percent, compared to the national average of 8.4 per-

economists say is a widening eco- say. nomic gap between West Germany's chronically depressed North aroused regional hostilities.

Heinz Möller, chairman of Bremen's labor union council, said, "In the broad economic and political issues, the principal conflict in this country now is between the North and the South."

The North, which depends North is being left with workers ence national legislation directly heavily on the "sunset industries" of steel, coal and shipping, suffers on local welfare budgets are eating from double-digit jobless rates and accompanying budgetary and social problems. Bremen's shipbuilding and fishing industries, the

anyplace else," a 22-year-old wom- and aerospace industries, generally

nomic development projects. "Many of the best young people go South after they graduate," said backbone of its economy, have Rudiger Staats, a Bremen state ecobeen in a slump for more than a nomics official. "But an unemployed shipworker doesn't go to

The South, the center for the Bavaria. He has his friends, his they don't have the money to go prosperous automobile, electronics family, his life here." The North is pressing Bonn to do

'People only stay here because they don't have the money to go anyplace else.'

A Bremen resident.

enjoys full employment and robust more to live up to its constitutional economic growth. Through the requirement to guarantee that liv-1960s, it was the poorer region but ing standards are approximately has pulled even with the North and the same throughout the nation.

small, Southwestern state of Saar- companies in the North. and its thriving South. The North-land. Its economy is based on coal South fault line increasingly is and steel, and it identifies its inter- tion, the governments of five with its Southern neighbors.

Bremen's troubles illustrate what is poised to overtake it, economists. The South responds that the federal government already wastes too An exception to the pattern is the much money subsidizing dying In a major regional confronta-

shaping national politics and has ests with the North rather than Northern states and Saarland are threatening to hold up a tax reform Northern politicians are worried package proposed by Chancellor that the gap has become self-per- Helmut Kohl unless Bonn helps petuating Greater business oppor- them pay welfare bills that have tunities in the South are causing a soured in the North because of un- North erred by seeking to prop up "brain drain" of college-educated young people. As a result, the

because they choose representawith few or no skills. Their claims tives to the Bundesrat, one of West Germany's two chambers of parliainto funds needed to promote eco-Northern and Southern state governments also have squared off

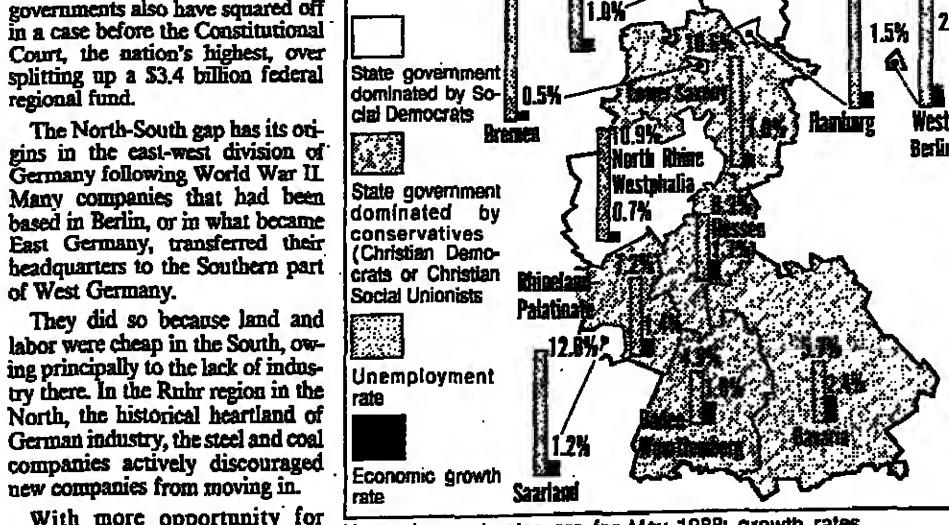
> splitting up a \$3.4 billion federal The North-South gap has its origins in the east-west division of Germany following World War IL Many companies that had been based in Berlin, or in what became East Germany, transferred their

of West Germany. They did so because land and labor were cheap in the South, owing principally to the lack of industry there. In the Ruhr region in the North, the historical heartland of German industry, the steel and coal companies actively discouraged new companies from moving in.

With more opportunity for growth, the South tended to attract the most technologically advanced and dynamic industries. The crunch came for the North

in the 1970s, when foreign competition put an end to the growth of its existing industries rather than by The state governments can influtrying to attract new ones.

West Germany: A Nation Divided North-South divisions in the Federal Republic. 14.6% 9.5% Schleswig



Unemployment rates are for May 1988; growth rates reflect average annual real economic growth, 1980-1987. Sources: German Labor Ministry, German Economics Ministry.

phalia was 0.9 percent, compared the period.

annual growth rate in the five cent. In the four Southern states of traditional industries. Then the Northern states of Schleswig-Hol- Bavaria, Baden-Württemberg, stein, Hamburg, Lower Saxony, Hesse and Rhineland-Palatinate. Bremen and North Rhine-West- growth averaged 1.8 percent during

A U.S. Embassy official said the decision appeared to contradict the standing U.S. position supporting freedom of travel for Soviet Jews. The cabinet said in a statement that it would require, "in the framework of legal means available, that Jews who ask for an exit visa from the Soviet Union in order to come to Israel would indeed reach Israel directly." Israeli officials say the decision is aimed at increasing Soviet Jewish emigration and reducing the number of Jews who go to the United States and other Western countries instead of Israel. In May, over 90 percent of immigrants decided to settle elsewhere. According to Israeli officials, the cabinet decision means that Jews would be required to pick up their visas at the Israeli Embassy in Bucharest. Once there, the emigrants would be required to fly directly to Israel. Soviet Jews currently get visas at the Netherlands Embassy in Moscow, which has represented Israel

From 1970 to 1986, the average to the national average of 1.4 per-

automatically granted citizenship, See JEWS, Page 4

since the Soviet Union broke ties

Most Soviet Jews then leave

through Vienna, which enables

them to travel to Western Europe-

an countries or the United States.

where they may be granted refugee

status. Those arriving in Israel are

with the Jewish state in 1967.

World Bank Official Urges Action on Debt of Poor Nations

Ernest Stern, senior vice president. finance, of the World Bank, discussed debt problems and other issues with Carl Gewirtz of the IHT, in Paris.

Q: The World Bank has always prided itself on its special relationship with goternments, never having to reschedule outstanding debt. Of late, the number running in arrears has been elimbing.

A: Some eight countries are in arrears. With a few exceptions, these are all lowincome countries. The most recent addition was Panama, as the result of U.S. economic sanctions. The problems have ansen in countries like Liberia. Zambia and Sierre Leone, whose prospects of working themselves out of their debt problems are very infuted. We've argued for many years that some action needs to be taken about the debts of these lowincome countries, principally Africa.

Q: Can you envisage the World Bank participating in the proposal by President François Mitterrand of France regarding cancellation of debt?

15 Killed

By Bomb in

Hindu Town

The Associated Pres-

least 15 persons were killed and 25

sensuals injured here Sunday when

a bomb planted by Sikh extremists

exploded in the middle of a crowd

watching a popular televised Hin-

cloth bag and left in a crowd com-

posed mostly of poor Hindu labor-

ers gathered outside a television

shop in a market, the police said.

They said the bomb apparently was

This town, in northern Harvana

state, is considered hely by Hindus.

The crowd was watching "Ra-

mayana" a series on state-run tele-

vision about the Hindu god Lord

Rama. The program is viewed by

an estimated 100 million Indians

seven persons were reported killed

Punjab police said three police-

men were killed during the night in

two separate attacks. A Sikh farmer

hodyguard and an aide.

southeast of Annitsar

Last year, 1.030 persons died.

In a number of other incidents.

each week.

Sikh extremists.

detenated by remote control.

The bomb was concealed in a

du epic, police officials said.

KURURSHETRA Indu - At

A: No. Not because we don't see the to eliminate all external debt by the end importance. We have been urging this on bilateral donors for a long time. There is an important distinction between what biliteral donors can do with official flows

MONDAY O&4

and what the World Bank can do. The only source of funds we have is our capital and retained carnings.

Q: What contribution is the World Bank making to finding new solutions? A: On the debt of the African countries, we have urged a variety of approaches to try to get debt on more favorable terms. For middle-income countries. we continue to be of the view that they have prospects of growing out of the debi

Q: Net disbursements of the bank fell in 1987 from 1986. Why? A: What you've got is a number of countries which have substantially stopped borrowing. South Korea has a policy of reducing outstanding debt. This

is true of Malaysia. Romania has a policy

of next year, A second category is the highly indebted countries, which have had difficulty sustaining adjustment programs. Yugoslavia is in discussions with us on financing a revised adjustment program, but for the last two years lending for adjustment to Yugoslavia simply didn't occur. Third are countries which stopped borrowing a long time ago --Greece, Spain, Japan. Finally, you have to recognize that starting in 1983, after the outbreak of the debt crisis, the bank took major actions to accelerate disbursements, but that also meant that the

1987 accelerated substantially and we expect to have maintained that level in fiscal 1988, of about \$11 billion. Q: An additional problem seems to be the cocktail of currencies in which the

bank lends, causing service payments to

rise as the dollar fell.

More important than net disburse-

ments is aggregate disbursements in

countries where we are still active lend-

ers. For those, our disbursements in fiscal

repayments were pulled forward.

ly six major currencies - the U.S. dollar. sterling, ven. Deutsche mark, Swiss Iranc and guilder. We try to borrow as cheaply as possible to hold our lending rate as low as possible. We also try to maximize our net income. The effect is that we borrowed a lot of relatively low-interest hard currencies. The dollars and sterling were retained in our investment portfolio. The low-interest currencies were used in the disbursement pool. In addition, as these currencies began to appreciate against the dollar, very little was done to maintain the dollar share of that disbursement pool so that it declined quite substantially to about 12 percent. That meant that in

A: The bank has borrowed in essential-

and net disbursement calculations. How we should manage that currency pool is something we are in the process of revisiting with our board. The borrowing program our board has just approved for fiscal 1989 contemplates borrowing a great deal more in dollars. About half of

the course of this fiscal year, our borrow-

ers had an exchange adjustment to their

payments of about \$1 billion. Clearly,

that contributed to payment difficulties

our planned borrowing will be in dollars.

Q: The dollar's 12-percent portion of the pool currently looks like a bad policy

A: Retroactively it's always easy to be clever. The declining share had two components: Devaluation drives down the dollar share and that accounted for a substantial part of it. The other part was that we had tended for a number of years to maximize our earnings by keeping dollars and sterling in the investment pool. It allowed us to keep our charges low; it allowed us to take care of provisioning against arrears without raising charges; it helped to maintain our triple-A rating and reduce borrowing costs.

Q: Is the bank advising Chile on covering interest-rate exposure through the financial futures market? Isn't that specuiation?

A: That sounds more dramatic than what we're engaged in. We have some people who, at the request of governments, provide technical assistance in the financial area. We don't advise on the transactions or execute them.

Iran Expects

With Britain

NICOSIA - A Tehran official

said on Sunday that Iran's relations

with Britain were improving and

that a visit this week by four mem-

bers of Parliament would help the

process. The four are trying to win

release of three Britons believed

The Iranian News Agency

quoted Deputy Foreign Minister

Mohammed Javed Larijani as hav-

ing said that relations improved

after Britain took a "logical and

moderate" stance over allegations

of Iraqi use of chemical weapons.

Iran accused Iraq of using gas

warfare in the Halabja area of

northeastern Iraq to kill 5,000

Kurds in March British govern-

ment officials expressed concern

Church Sponsors Trip

Karen De Young of The Washing

The Church of England and

nounced that four members of Par-

liament would fly to Tehran under

its auspices Sunday for talks with

officials that it hopes will lead to

improved relations' and possible

progress in freeing three British

hostages believed held in Lebanon.

ry Waite, the church envoy who

disappeared in January 1987 while

on a mission to negotiate for the

freedom of other Westerners being

The visit, by two members of

Britain's Conservative Party, one

archbishop of Canterbury, Robert

The British Foreign Office said

Friday night that it was aware of

the planned trip but would not

An aide to the archbishop, Eve

Keatley, said that the parliamenta-

fact-finding mission to find ways to

improve relations with Iran which

could lead to the freeing of Terry

Waite and the other British hos-

tages. We have repeatedly made it

clear we are not prepared to be

The two other hostages are John

comment further.

held hostages in Beirut.

One of the three hostages is Ter-

ton Post reported earlier from Lon-

sador in London.

over the reports to the Iraqi ambas-

held by pro-Iranians in Lebanon.

Better Ties

WORLD BRIEFS

Pretoria-Luanda Talks to Resume

JOHANNESBURG (Reuters) --- Angolan peace talks, threatened by a Cuban military buildup and wrangling over the venue, are to resume in-Cairo this week, South Africa announced Sunday. A spokeswoman said Foreign Minister R.F. Botha would meet South Africa's Angolan and Cuban adversaries for two or three days of negotiations, probably starting Thursday.

Pretoria made clear it would press for an explanation for the recentdeployment of thousands of Cuban troops on Angola's tense border with South-West Africa, or Namibia, which is administered by South Africa,

"It will be a big issue," a diplomatic source close to the talks said. The United States also will attend the talks on ending 13 years of bush war between Angola's Marxist government and the rebel army of the National Union for the Total Liberation of Angola, which is backed by South Africa and led by Jonas Savimbi. The talks, also aimed at achieving independence for South-West Africa, began in London last month. A second round was held in the Congo capital, Brazzaville.

Tutu Praises Russians on Apartheid

JOHANNESBURG (NYT) — Archbishop Desmond M. Tutu, the Anglican primate of Southern Africa, has described the Soviet Union as an ally in an international campaign to end apartheid in South Africa, and he said Moscow had no selfish interest in southern Africa.

The archbishop spoke to reporters Saturday on the grounds of his Soweto home after returning from his first visit to the Soviet Union, where he took part in the 1,000th anniversary celebrations of the Russian Orthodox Church. He said he was not prepared to withdraw remarks he made in Moscow thanking the Soviet people for moral and humanitarian. support in the struggle against apartheid.

The pro-government press in South Africa denounced Archbishop. Tutu for having praised the Soviet Union while ignoring its long hostility. to teligion and oppression of the church.

Singapore to Detain 4 Another Year

SINGAPORE (AP) — Singapore announced Sunday that it would extend by a year the detention of four persons who the government says were involved in a Marxist conspiracy.

The Home Affairs Ministry said Teo Soh Lung, Kevin De Souza, Kenneth Tsang Chi Seng and Wong Souk Yee would be detained another year, beginning Monday, under the Internal Security Act. It allows the government to detain people without trial for up to two years, after which detention may be extended indefinitely.

The four were arrested in May and June of 1987 and accused of conspiracy to undermine Singapore's government. Released in a few months, they were among nine former prisoners who issued a statement April 18 saying that the government had forced them to confess. All were letained again the next day.

Libya Boosts Its Investment in China

BELING (AFP) — Libya became China's fourth-largest source of foreign investment, pouring the equivalent of \$14.3 million into the country in the first quarter of the year, the China Daily's weekly business supplement reported Sanday.

The English-language newspaper said that investment by Libya and West Germany had increased in the first quarter relative to that of other foreign countries and "regions" - a euphemism in China for Hong Kong and Macao. Hong Kong, it said, provided \$599.26 million in investments; followed by the United States, \$41.93 million; and Japan, \$41.66 million. West Germany was fifth at \$11.01 million.

The paper did not provide figures on the total of Libyan investment. nor did it say what Libyans were investing in. Libya in recent years has received Chinese expatriate laborers and is also thought by the United States to be purchasing Chinese weapons.

Aguino Returns With Pledges of Aid

MANILA (AFP) -- President Corazon C. Aquino arrived from a weeklong European tour that she said had led to pledges of investments and official offers to help improve the Philippine economy.

Mrs. Againo told welcomers at the airport that her trip to Switzerland, Italy and the Vatican had "equaled if not surpassed my expectations." She said Italian and Swiss leaders had "readily volunteered to help" the Philippine economy, while businessmen had pledged to send missions to explore investments. "We signed nine agreements in Italy and this auguin well for the future of our relations," she added.

TRAVEL UPDATE

Air Inter Faces a Week of Strikes

PARIS (AFP) — Air Inter, the French domestic airline, faces another week of strikes by pilots and flight engineers, including a 48-hour strike on Wednesday and Thursday that is expected to cause serious disruptions

In addition, two pilots' unions and the fight engineers' union have called daily strikes Monday through Sunday, from midnight to 8 A.M. The unions are demanding the resignation of the Air Inter chairman, Pierre Eelsen. They say he is refusing to negotiate in a long-standing dispute over the company's decision to fly its Airbus A-320 planes with two instead of three crew members in the cockpit.

Group to Offer Islamic Airline Food

KUWAIT (AP) — The national airlines of three Arab states are working out a joint venture with Marriott Corp. to set up an Islamic flight kitchen at Loudon's Heathrow airport, an airline official said. The airlines involved in the agreement are Kuwait Airways Corp.

Saudia of Saudi Arabia and Gulf Air, based in Bahrain. The agreement is aimed at providing in-flight food worldwide for Moslem passengers, who are not supposed to eat pork. Moslems also are supposed to eat meat or poultry only if slaughtered under strict religious guidelines Cyprus has tightened controls on visitors from the Middle East, Asia and Africa following a car bombing last month that killed three people.

Visitors from those areas will need visas before traveling to the holiday sland, officials said.

The Federal Aviation Administration has refused to review a limit of 155 flights per hour at O'Hare International Airport despite concerns by the head of the National Transportation Safety Board that the cap may be

WEDNESDAY: Colombia, South Yemen.

THURSDAY: Luxembourg.

FRIDAY: Andorra, Brazil, Canada, Finland, Macao, Peru, Portugal, Spain,

Source: Morgan Guaranty Trust Co., Reviers.

This Week's Holidays group for Mr. McCarthy, a freed rench hostage, Jean-Paul Kauffmann, called on Britain to keep

TUESDAY: Togo.

SUNDAY: Iran. Madagascar, Somalia

turer from Belfast who also holds Irish citizenship. Britain has been criticized for its strong stand against hostage negotiations. On Tresday, in a meeting in London organized by a support

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Bermuda

Sweden, Venezuela, Zaire. SATURDAY: Finland, Mozambique, Sweden.

Vishwanath Pratap Singh, left, a former Indian finance and defense minister, receives congratulations after his victory in a by-election.

Sunday in northern Punjab state by Leading Gandhi Rival Wins By-election

By Steven R. Weisman New York Times Service

was reported slain in central Pun-SRINAGAR, India - A former Sikhs also reportedly ambushed member of Prime Minister Rajiv a car carrying a militant Hundu Gandhi's cabinet who was disleader in Punjab, killing him, his missed last year has won a crucial parliamentary by-election, making The Hindu leader was identified it likely that he will lead the opposi-

as Rama Kant Jalota, president of tion in the next general election. the Puniab Shiv Sena, or army of Results tabulated Saturday from Shiva. The Shiv Sena views itself as the election on Thursday indicated a defender of Hindus and their relia sweeping victory by Vishwanath Pratap Singh, a former finance and defense minister. He campaigned The Press Trust of India said Mr. almost exclusively on charges that Jalota's car was attacked as he was en route to Jalandhar, a district Mr. Gandhi's government had takcapital 80 kilometers (50 miles) en kickbacks and should be turned

Mr. Singh, who was dismissed Sikh extremists have been wagfrom the cabinet when he began ing a guerrilla war for an independent homeland in Punjab since inquiries into charges of kickbacks. later was expelled from the ruling Congress Party. He also drew away The latest killings raised to more a few of Mr. Gandhi's close allies, than 1,320 the number of people including the prime minister's believed killed by radical Sikhs in

Puntab stace the start of the year. The prime minister and his aides Most of the victims have been have denied the charges, but critics assert that a special parliamentary Hindus or moderate Sikhs opposed committee that found no basis for 1989. to the militants' separatist camthem was a whitewash.

Touring the district in the north- trouble uniting, and the only time Mr. Gandhi to win 80 percent of ern Indian city of Allahabad on a the non-Congress parties governed the seats in Parliament in the last repeatedly informed voters: "I told Rajiv Gandhi that there is no justice for me in his royal court, so I sought justice at Allahabad, my home." Mr. Singh grew up in the

Mr. Gandhi sought to play down the significance of the defeat at Allahabad, saying that "the ruling party always gets it in its neck" in such special elections.

Allahabad has played a major ministers have come from there. The three were Jawaharlal Nehru and Indira Gandhi, the grandfather and mother of Rajiv Gandhi, and Lal Bahadur Shastri, who ruled briefly after Mr. Nehru's death in

cousin, Arun Nehru. among the bickering Indian oppo- ons "on a large scale." sition parties before the next election, which is due before the end of

The opposition has always had

fice. Their inlighting also enabled the popular vote.

motorcycle in the last few weeks. India, starting in 1977, they fell election, in 1984, even though his Mr. Singh brought cheers as he apart less than three years into of-party captured only 49 percent of

Anti-Khomeini Forces Claim Capture of Town

ganization of Iranians opposed the Ayatollah Ruhollah Khomeini said its troops captured the Iranian border town of Mehran after heavy fighting Sunday. Iran appeared to acknowledge

the loss, saving that the Iraqi army had "violated an international bor-The victory by Mr. Singh will der" and reached the city of Mehallow him to try to forge an alliance ran by employing chemical weap-Mehran, virtually deserted since

the Gulf War started in September 1980, is about 160 kilometers (100 miles) east of Baghdad.

A press officer at National Liberation Army headquarters in the Iragi capital told reporters that its forces "liberated" Mehran in an offensive that started Saturday.

The unit's commander, Massoud Rajavi, said the capture of Mehran "is a great victory and a basic step toward the overthrow of Khomeini's oppressive regime.'

A report by the official Islamic Republic News Agency, monitored in Nicosia, said "a large number of Iranian Muslim combatants were martyred and injured when Iraqi warplanes chemically bombed the Changuleh region east of Mehran. "Earlier in the day, Iraqi war-

town of Mehran," the report said. ■ New Iraqi Strategy Meanwhile, Youssef Ibrahim of The New York Times reported from

After almost eight years of war in the Gulf, Iraq appears to have settled on a strategy of regaining ground lost to Iran and hitting hard

By Jonathan C. Randal

Washington Post Service

ularly oil installations, senior Iraqi Laborite and one Liberal, follows several days of talks in Tehran this These goals contrast with what is week between Iranian officials and

an as vacillation in Iran, where John Little, a senior aide to the the struggle for political power has become entangled with war plans and an attempt to distribute blame for recent battlefield setbacks. Still, Iranian leaders agree that

they cannot stop the war without obtaining their minimum demand: Iraqi diplomats said the cam-

Faw peninsula, has a clear goal: the liberation of Iraqi territory under Iranian occupation. The Iraqi diplomats said the

party to any deal which would indicampaign by Baghdad that folcate in any way that hostage-taking lowed, which included efforts to pays dividends. push Iranian troops from areas east of the southern city of Basra and to drive the Iranians from Iraqi Kurd-McCarthy, a television journalist ish villages in the north, fell within and Brian Keenan, a university lecthis limited strategic concept.

The Associated Press BAGHDAD — The National role in India's political history: Liberation Army, an Iraq-based or-

that Iraq be punished for starting it. There appears to be little expecry group "is not going to negotiate for the return of hostages. It is a tation that the war will end soon. paign under way since April, in which Iraq has retaken much of the

"The idea is to get back all Iraqi land under Iranian occupation, then to hit them where it hurts most, in their economic and industrial infrastructure," said an Iraqi official. Iragi and Arab diplomats say they expect Iraq to concentrate next on recapturing parts of the Mainun oil fields, on the border.

Vahe Petrossian, a specialist on Iranian affairs with the Middle East Economic Digest, a weekly magazine based in London, said the psychological impact of the Iraqi victories has been great within the leadership in Iran.

"It looked like the tide of war has there was private acknowledgment

turned and Iran faced either defeat that the meeting could be the first or indefinite lighting," he wrote in step toward warmer relations beat Iranian economic targets, partic- the current issue. tween the two governments.

ous alliance organizations who nouncing its makeup. ISLAMABAD, Pakistan — The were named at a news conference
in the western Pakistani city of Pein the western Pakistani city of Peseven-member alliance of Afghan in the western Pakistani city of Peshawar, where the alliance is based The Planning Ministry was transitional government designed awarded to Abdul Ali Farough, a nonparty Afghan exile living in the

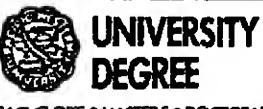
The list was announced by Ah-

ernment last week when its princi-

pal Afghan proponent, Gulbudin Hekmatyar, a radical Islamic fun-

mad Shah, who for more than three No prominent alliance leaders months had been the leader and were among the two vice presidents only member of the transitional government. Pakistan once had hoped that the government would

troops on May 15.



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open a dialogue with Iran.

Last week. Britain held its first

formal talks with Iran since the two

governments reduced their embas-

sies to one diplomat each last year.

British officials denied that the

talks touched on the hostages, but

las leaders, as well as rebel field commanders inside Afghanistan, have made it clear they thought the transitional government was irrelevant. In private, the leaders admit their failure to agree on who should govern if the guerrillas succeed in overthrowing General Najib.

lowed by a day Kabul's own unveiling of a 29-member government dominated by the communist Peoplay a role in the negotiations in ples Democratic Party of Afghani-Geneva that produced the agreestan. The list, including some nonment under which the Soviets began withdrawing their 115,000 Diplomats and analysts had all jib's so far unsuccessful 18-monthbut written off the transitional govold policy of national reconcilia-

damentalist, gave up the rotating portfolios are to be reserved for survive, but when it will fall." leadership of the alliance after a "Moslems in good standing" inside

non-communist Afghans.

Robert Pear of The New York Times reported earlier from Wash-

The State Department's leading expert on Afghanistan says that the Kabul government is crumbling quickly and will not survive after Soviet troops complete their with-The alliance announcement folthe Soviet-backed government can monitors political and civil rights iast longer.

The guerrillas have been captur- think the Kabul regime will speediing territory much more rapidly ly collapse." communists, was the latest in a and extensively than bad been anseries of Soviet-inspired reshuffles ticipated, the department's Afghan designed to enhance General Na- policy coordinator, Zalmay Khalilzad, said.

and 11 ministers representing vari- three-month stint without an- Afghanistan. This is taken to mean gime appears to be crumbling faster even than those who were most optimistic about prospects for the mujahidin had anticipated."

But another administration of

cial said he believed that the Sovi-

ets were consolidating their posi-

tions in and around cities as they withdrew from outposts and other small places in the countryside. Rosanne Klass, the director of drawal early next year. But some the Afghanistan program at Freeother experts on Afghanistan say dom House, in New York, which

around the world, said, "I do not

"There are thousands of Soviet ghanistan, and they are not ing," she said. "Soviet soldiers from

military and other advisers in Af-The key question for the Kabul Central Asia, such as Uzbeks an government, Mr. Khalilzad said in Tajiks, have been infiltrated into In the alliance government, 14 an interview, is "not whether it will the Afghan Army and cannot be distinguished from Afghan soldiers He added. "The Najibullah re- with similar ethnic origin."



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environmentalists have doubts. Robert Alvarez of avironmental Policy Instisays that the cement is to breakdown. The waste ates heat, he notes, and if i glass comes into contact groundwater it could prosteam that would eat away

e for the kind of corruption the Department is now pursuing. of Mr. Weinberger's former depat the Pentagon said sadly of the ne scandal: "This is Cap's Iran-

left to subordinates the uctange of the state of the subordinates the uctange of the state of the subordinates the uctange of the subordinates the sub m. Pentagon careerists said, was

TOPICS

ifornia Trend:

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: has been many years since

imericans who headed to

rem California have found

ispoiled promised land of

[]] and avocado groves, fan

- Robert Reinhold writes in

. New York Times. They

and freeway traffic jams,

insisting that growth is

't today even the most

bitten Southern Califor-

: say that the place has be-

o reach its limits, becom-

a vast basin of clogged

s, overburdened sewers

nigh-rises that are turning

lensity suburbs into cities.

he result, he writes, is a

is to gain control of forces

they see threatening their

he fading of the California

ups the inevitable result of

ring both a quiet existence

t predictions of further un-

olled growth have fanned

intent and frustration.

- N W apartment construction

al Los Angeles suburbs.

temporary moratoriums

already been imposed in

the city itself, new con-

tion is restricted. This

h, voters in 26 communi-

ast their ballots on growth

endums. Seven of the 13

growth measures passed;

three of the 13 pro-growth

oceasing of nuclear waste

een begun in a joint pro-

ry the U.S. Department of

zy and Westinghouse Elec-

Corp. The stuff is being

i into cement and glass at

story near Buffalo, New

, though its eventual desti-

e idea is to take wastes that

e radioactive for hundreds

onsands of years out of

that will endure only 40

1 at isolating them from

invironment for genera-

and put them in a form

ares did.

ert Takes

n is undecided.

m urban paycheck."

in that drew the migrants is

malloyed good."

By George C. Wilson

Washington Past Service

with the Pentagon changed.

r the entire U.S. military establish-

the way weapons makers did busi-

changes, according to critics in

ntagon and industry, improved the

Teinberger Policies May Have Cleared Way for Pentagon Scandals of defense contracting, and his decision. to distance himself from defense con-SHINGTON - During the seven tractors, leaving most dealings with that Caspar W. Weinberger presid-

them to others. The man who dealt with them most visibly in the Weinberger era was John

NEWS ANALYSIS F. Lehman Jr., his activist secretary of the navy, several of whose associates have been implicated in the burgeoning investigation of contracting fraud.

Mr. Weinberger's immediate predecessor, Harold Brown, was a nuclear physicist who had dealt with the defense industry as director of Pentagon research and as air force secretary before becoming secretary of defense. Melvin R. Laird, President Richard Nixon's sec-Expounding Mr. Weinberger's retary of defense, armed himself with industrialist David Packard of Hewlettn lack of experience in the realm- Packard, a large defense contractor,

Robert S. McNamara, former president of Ford Motor Co. recruited experienced managers from industry.

In contrast, Mr. Weinberger stiffarmed White House attempts to give him a deputy from the defense industry and installed instead trusted deputies from of defense in 1981-82, and William H. problems in 1984 when he had to resign in disgrace, later going to jail for insider

As part of the price for getting Mr. Carlucci and Mr. Taft as deputies, men whom were not considered ideologically

pure by some conservatives, Mr. Weinberger accepted other men in policy and management positions who were long on ideology and short on management

They included: Fred C. Iklé, a hawkish sociologist, who became under secre his previous government jobs, starting tary of desense for policy; Richard N. with Frank C. Carlucci, deputy secretary Perle, a hardliner and former Senate aide, as assistant secretary of defense for Taft IV from 1984 onward. Only for one international security policy; and T. K. year did the White House get its way. Jones, deputy under secretary for stratenaming Paul W. Thayer, the former pres- gic and nuclear forces, who became famident of LTV Aerospace Corp., as Mr. ous for his prescription for surviving a Weinberger's deputy. Mr. Thayer had nuclear war: "Dig a hole, cover it with a just started to grapple with procurement couple of doors and then throw three feet of dirt on top."

Mr. Lehman rushed into this vacuum. He was wise in the ways of the defense consulting business from running such a handle this job of assistant secretary of firm himself, the Abington Corp. In of- the navy for research, engineering and fice, he seized the initiative, quickly ex- systems, and relied on bluster and his

vice secretary. He did not wait for orders saie. from above but issued them to admirals, navy agency heads and defense contractors. He was brash, dramatic and imperious. He appreciated those those qualities in others and found them in Melvyn R. Paisley, a colorful P-47 pilot from World

Mr. Lehman got to know Mr. Paisley while doing consulting work for Mr. Paisley's company, the Boeing Co.

After he became navy secretary in 1981, Mr. Lehman brought Mr. Paisley aboard to help decide which weapons should be built, and by whom. Pentagon careerists and industry executives soon complained that Mr. Paisley did not seem to have the technical expertise to

ceeding the old job description of a ser- support from Mr. Lehman to compen-

In his biography submitted to "Who's Who in America," Mr. Paisley said be had graduated from the Massachusetts Institute of Technology with a masters of science degree in 1954. A spokesman for MIT said in an interview that Mr. Paisley went to MIT for one semester in

Whatever their credentials, Mr. Lehman and Mr. Paisley proceeded to design the navy of the future and decide what companies would build it - with little or no direction from the office of

kills and two half kills.

the secretary of defense. Lebman enthusiasts inside the navy own."

and within the defense industry credit him with being a "take charge guy" who came close to achieving his goal of a modern, 600-ship navy without running up the cost overruns that had plagued previous administrations.

To get navy contracts, defense executives came to realize that they had to win the approval of Mr. Lehman, Mr. Paisley 1953 and received no degree. Mr. Pais- and a few others on their team. This ley's navy biography says he "is credited unusually heavy concentration of power with shooting down nine enemy air- within the navy secretariat created an craft" in World War II. The air force unusually lucrative market for consulsays Mr. Paisley is credited with four tants who could provide access to the key people on Mr. Lehman's team.

"We had nobody knowledgeable to talk to," complained one defense executive of the Weinberger era. "It got to the point where we had to hire consultants to get appointments with the people we should have been able to see on our

Mitch Woinardwicz/The Associated Press

er stirs up dust while working his field during a drought that has spread across Midwestern America.

Shorter Takes: U.S. super-markets are now half again as

large as 10 years ago, U.S. News

& World Report magazine says,

and license plates, says traffic

accidents have dropped 43 per-

cent since it went into use.

Notes About People

tion continues to study the pos-

you wonder why anyone would

said of his recent visit to the

Betty Ford clinic at Rancho Mi-

rage, California, to overcome

an addiction to painkillers, "I

hated the godawful lecturing

and group therapy and the end-

less reassessment of your life

and what you've done to get

you to such a low point. Well, I

didn't feel I was at such a low

point in my life, I simply had to

"As anyone who has them

can tell you, children have a

certain strange contrary

streak," writes Anna Quindlen,

35, a mother of two and author

of the "Life in the 30's" column

of The New York Times. "No-

where is this more evident than

in their ability to put you on the

spot when you least expect it

and are not dressed for it. If you

are having an hour of quiet and

introspective time with your lit-

tle boy, reading with him on the

couch and discussing this and

that - as will happen perhaps

every eight or nine years - his

most probing question is likely

to be, 'But how come I can't

breakfast?"

have chocolate chip cookies for

dropped a dozen eggs in the

dairy aisle of the supermarket

that suddenly a small voice will

say: Mom, do all people die? Will you die? Will Dad die?

Will I die? Luckily I've already

answered those questions, and

hickily I was merely in bumper-

to-bumper traffic on Route 80

trying to change lanes to get

around the stalled tractor-trail-

er when, from the back seat, I

heard the dreaded words,

Mom, how does a baby get out

Arthur Highee

of a mother's body?""

"It is when you have just

Children Are Often

Verbally Contrary

get off."

want to go there."

Midwest Drought: Is More on the Way?

By Walter Sullivan New York Times Service

cialists studying the drought in the Middle West this year have determined why it occurred. But they are concerned that it might be a harbinger of things to come, perhaps evidence of basic changes in climate brought about by the "greenhouse effect."

For months, a great wall of highpressure air over the central United States has prevented storms bearing rain and snow from penetrating tree rings in much of the West, stream has split, Mr. Gilman said. that region, according to specialists of the National Weather Service. The high pressure was locked in place by a jet stream far north of its normal position.

Friday, precipitation has been abnormally high in the Northeast and the Northwest even as the Middle West has suffered.

There is concern that the result- have been analyzed at Mr. Stocking drought might offer a glimpse ton's Laboratory of Tree-Ring Reinto what Alan D. Hecht, the direc- search at the University of Arizona. tor of the National Climate Pro- Researchers are trying to find out gram Office in Rockville, Mary- whether occurrences of narrow land, called "the greenhouse rings, indicating drought, conform world" of the future.

kind of thing we will see more of?" have been searching for signs that tional Weather Service said that

world climate is changing as a re- from December to February a high er branch over the Atlantic Ocean sult of warming caused by carbon pressure region off the West Coast after the latter has crossed northern This is the much-discussed green- low precipitation there.

able, Mr. Hecht said, an obvious over the central states. relationship is still uncertain.

Mr. Hecht, whose office is part to Donald Gilman, a long-range of the National Oceanic and Atmo- forecaster with the Weather Serspheric Administration, said he vice, the jet stream normally heads boped Charles W. Stockton at the East after crossing California, car-University of Arizona could deter- rying storms over the Middle West. mine, from the widths of annual whether droughts in the last three The main branch has swung north centuries had been as prolonged across Oregon. Near Hudson Bay it and widespread as this one.

of the 1930s, Mr. Hecht said, has a As a result, the agency said on drought been so extensive. He would like to know how exceptional this one is.

> Annual rings in trees growing in the region over the last 300 years to a 22-year cycle of solar activity.

Is the drought, he asked, "the The results have been inconclusive. David Miskus of the Analysis A number of weather specialists and Information branch of the Na-

The high pressure wall then With the information now avail- moved east to its present position systems, reaching from Canada to

In winter and spring, according

This year, however, the jet has curved southeast across New Not since the dust storm period Hampshire and has joined the less-

Mexico and Florida

The drought now affects most of the Mississippi-Missouri drainage the Gulf of Mexico.



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PHILIPS

Haiti President Dismisses Armed Forces Leader

By Joseph B. Treaster

and stock twice as many sepa-New York Times Service rate items: an average 11,767 in PORT-AU-PRINCE, Haiti 1978, 24,531 now. Gournet and Relatives of the dismissed armed microwave foods are largely the forces commander say he has been reason. • Paradise Valley, Ariplaced under house arrest at his zona, claiming to be the first walled residence north of here. U.S. community to use a device The relatives said Saturday that that photographs speeders' cars

vilian president, Leslie F. Manigat. their homes. Though the National Acro-nautics and Space Administra-They said the soldiers were telling friends and family members that no one could go in and General sibility of a manned mission to Namphy could not come out.

Mars, President Ronald Reagan Roger Savain, the minister of inrecently told journalists at the White House, "We've already spokesman, said he did not know sent a craft to Mars, as you whether General Namphy, 55, was know, in the past," which has under house arrest, But Mr. Savain "taken some pictures that make The comedian-Chevy Chase

soldiers loyal to an opposing com- broadcast over local radio stations mander had surrounded the home Friday night, the streets of the capiof Lieutenant General. Henri tal quickly emptied as Haitians, Namphy, who was abruptly dis- fearful of being caught up in viomissed Friday night by Haiti's ci- lence, hurried to the security of

General Namphy's dismissal was the latest development in a conflict that first came to light Tuesday.
The widespread impression is that
Mr. Manigat has greatly extended formation and Mr. Manigat's chief his political power since being elected in February.

Many details of the struggle are still unclear, and there is speculation over the degree to which Mr. Manigat controls or depends upon two key army officers.

the military was evidence of pro- ent beneficiary of the recent events. fense. He acted as an intermediary gress toward democracy. But U.S. The other key officer is Major Gen- in talks with General Namphy last and other foreign diplomats said it eral Williams Regala, who served week and along with the president was unclear whether it involved as General Namphy's deputy in the and the prime minister, signed the anything more than a power strug- army-dominated provisional gov- dismissal order. ernment that ruled Harti after the When word of the dismissal was fall of the Duvalier dictatorship in March by a federal grand jury in

General Regala is now on leave cocaine.

assertion of civilian authority over. Paul, who has been the most appar- and is serving as minister of de-

Colonel Paul was indicted in Miami in a conspiracy to smuggle

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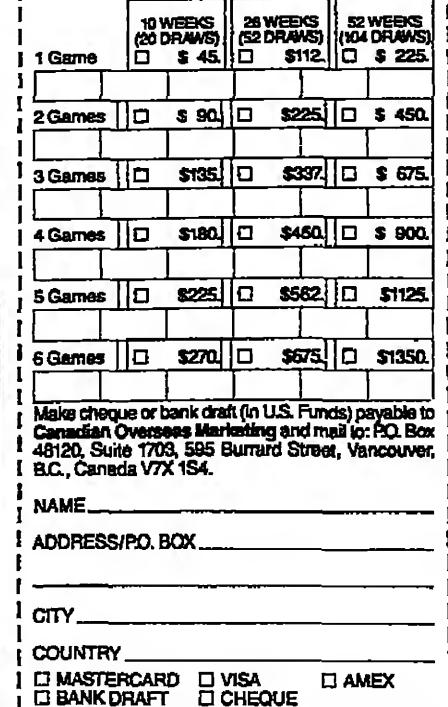
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e Canonizes Vietnam Martyrs

uted Press International

Those canonized were 96 Viet-CAN CITY - In a move namese priests and laity, and II opposed by Vietnam, Spanish and 10 French missionarin Paul II conferred saint- ies. Vietnam has contended that inday on 117 Catholics many of the martyrs were imperial-I for their faith in Vietnam ists and has criticized the timing of 5 to 1862 and appealed to the canonization, which was on the ion's Communist govern- Armed Forces Day of the defeated permit religious freedom. South Vietnam government.

said General Namphy's "normal gnard" had been removed and that "he has a new one and that's all." One is Colonel Jean-Claude Aides to Mr. Manigat said his

Playwright Got Start in Jail By Leslie Bennetts New York Times Service on and went on to be acclaimed as said.

a major new voice in the theater 15

years ago, died Friday of cirrhosis of the liver. Mr. Pinero, who was born in Puerto Rico and grew up on Manhattan's Lower East Side, started to write for the theater while serving a sentence for armed robbery at Os- Other deaths: sining Correctional Facility, also "Short Eyes," a portrayal of violent prison life, which opened at the Theater of the Riverside Church, was transferred to the Public Theater by Joseph Papp, and then ran at the Vivian Beaumont Theater in Lincoln Center. The play, which whose works featuring animals won an Obic Award and the New birds and other natural subjects

later made into a film.

"Miguel Pinero was the first NEW YORK - Miguel Pinero, through and be accepted as a major 41, who began his first play in pris- writer for the stage," Mr. Papp lottery prizes every awarded.

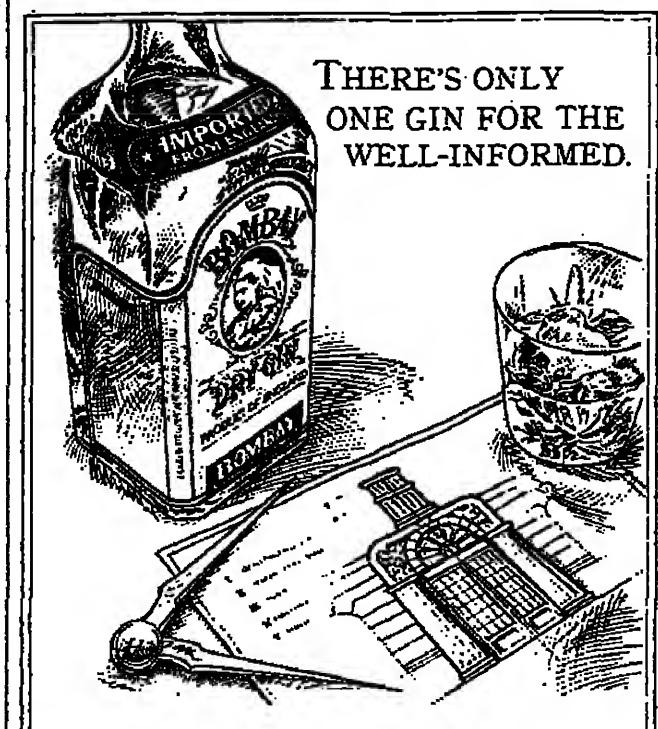
Mr. Pinero's other works for the

theater included "Straight From the Ghetto," "Eulogy for a Small-Time Thief," "The Sun Always Shines for the Cool" and "A Midnight Moon at the Greasy Spoon.'

John A. Reardon, 70, managing known as Sing Sing. The result was director and chairman of Esso Standard Thailand 1963-73 and previously with Esso in China and the Philippines, of pneumonia June 10 in Rutland, Vermont.

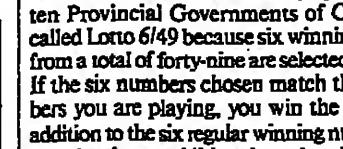
Cleo Hartwig, 80, a sculptor

pancreas Saturday in New York.



York Drama Critics Circle Award were inspired by her childhood in

as best American play in 1974, was rural Michigan, of cancer of the



When Lillian and Stewart Kelly, pictured above, won Canada's record Lotto jackpot of \$13,890,588,80 there were over 1 million winners in total, with over \$37,000,000.00 in prize money awarded. The prize breakdown shown here indicates the actual winnings for that draw.

PRIZE BREAKDOWN PRIZES 1ST PRIZE SOUT OF SRES, NUMBERS 2ND PRIZE 5443*A*81*B*0 SOUT OF 8 PLUS BONUS 3RD PAIZE \$3,704,70 BOUTDE 4TH PRIZE \$139.30 48,917 4 OUT OF 8 5TH PRIZE \$10,00 985,112 9 OUT OF 6 TOTAL PRIZES TOTAL PRIZE VALUE

Canadian Overseas Marketing †Conscien Oversees Marketing is a private company. The prices runted herein include handling and service charges. By Joseph Fitchett

International Herald Tribute

principal security adviser, Joseph S. Nye Jr.,

has told a diplomatic audience in Paris that

there will be "no more loose talk about get-

ting rid of nuclear weapons" from the United

States if Mr. Dukakis is elected president.

national Relations, Mr. Nye said that there

should be "no free gift" for Mikhail S. Gor-

bachev, the Soviet leader, on disarmament,

Many listeners said they were surprised

and gratified by the extent to which Mr. Nye

stressed that Mr. Dukakis's intentions over-

lapped some of the firmer policies of the

At the same time, Mr. Nye said, Mr. Duka-

kis was committed to more intensive consul-

tations in the Western alliance. Agreement on

deploying intermediate-range missiles in Eu-

rope, he said, was a model of good consulta-

national security adviser in a Dukakis admin-

istration, said some European media had

been "silly" in depicting Mr. Dukakis as a

naive idealist resembling George S. McGovern, the Democratic presidential candidate in

Mr. Nye, who is mentioned as a possible

Reagan administration.

Speaking at the French Institute for Inter-

PARIS — Governor Michael S. Dukakis's

Ozal Plot Linked to Ultraright

Police in Turkey Capture Gunman

Compiled by Our Staff From Dispatches ANKARA — Investigations into an attempt to assassinate Prime Minister Turgut Ozal of Turkey are centering on possible links with an ultrarightist group active before the 1980 military coup, security sources said on Sunday.

Mr. Ozal was shot in the hand as he was addressing 5,000 members of his ruling Motherland Party and foreign diplomats in Ankara on Saturday. A second bullet missed

Officials said 15 other persons were wounded as the police returned the assailant's fire. "Police fired at random," said a former prime minister, Bulent Ecevit. The police said they had shot

and disarmed Kartai Demirag, a Turk who belongs to the Grey Wolves group, which was blamed for many political killings in the "We are conducting a widescale

investigation looking into political links." said a state security court prosecutor, Nusret Demiral. "The attacker is of sound mind and cool and collected. He has shown no signs of regret. The newspaper Sabah said on

Sunday that its Istanbul office had received a telephoned report that attempts to mend relations with Greece.

He returned last week from a three-day visit to Athens, the first to Greece by a Turkish prime minister in more than 35 years.

"The assassination attempt ... was made to protest against Ozal's Demirag had confessed, saying, "I rapprochement with Greece," the have psychological problems. I did caller said, according to the news- not shoot to kill but fired to get denounced as poor security at the



Mr. Ozal was shot to protest his His wounded right hand in a sling, Prime Minister Turgut Ozal of Turkey attends a meeting of the Motherland Party in Ankara.

Mr. Demirag, 32, will probably appear in court within two weeks. Ozal was cheered when he returned the prosecutor added.

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THEATRE, MUSIC AND DANCING IN THE CITY

Some delegates called for the resignation of Interior Minister Mustafa Kalemli because of what they shita, the Japanese prime minister, and Brian Mulroney, the Canadian prime minister, on Saturday night,

Mr. Kunihiro also called on Japan's summit partners to agree that President Corazon Aquino.

At this "very crucial moment in capital and interest on \$5.5 billion in loans to 17 least-developed countries extended between April ment be backed by all seven countries, not just the United States and The beneficiaries are mainly in sub-Saharan Africa, but also in-

As for the global economy, Mr. clude Asian countries such as Bangladesh and Burma, said Michihiko pressure is very strong world wide." The \$1 billion cost to Japan Fears of a resurgence of infla-

official aid that the country intends emerged in financial markets in rewould be "on the inflation side, to spend over the coming five years cent days, clouding the general op- meaning that particular anti-inin a doubling of its aid effort, he timism that the seven leaders have flaionary vigilance is still required. been hoping to purvey in Toronto. ■ Irishman Arrested

thrust of U.S. foreign policy.

Nye said that:

a tougher approach.

Democratic nomination.

Elaborating on Mr. Dukakis's policies, Mr.

Soviet behavior on human rights issues

would be an important element in deciding

about possible East-West coexistence at low-

• Research on a Strategie Defense Initia-

A break could be expected on U.S. policy

toward South Africa because the Democratic

Party, which believed that apartheid has be-

come a domestic issue in U.S. policy, wanted

• U.S. troops would remain in Europe, but

they might be reduced if the allies agreed to a

plan that kept West Germany solidly embed-

Mr. Nye's trip to Europe was apparently ued to a foreign policy speech by Mr. Dukakis last week, shortly after he clinched the

ded in Western security systems.

tive would continue, without the Reagan ad-

ministration's emphasis on early deployment.

er, less-costly levels of armaments.

But the leaders are unlikely to let such fears dominate a meeting there was an urgent need to in- which is primarily intended to concrease economic aid to the Philip- vince financial markets that the pines to strengthen the position of world economy is on the right track, conference officials said.

Mr. Dukakis's top priority of maintaining

the Western alliance, Mr. Nye said Friday,

showed that he would not repeat what Mr.

Nye called President Jimmy Carter's mistake

of putting North-South relations ahead of

In seeking to maintain a military balance,

Mr. Nye continued, it would be "foolish" to

encourage Japan to exceed its limits on de-

fense spending because a remilitarized Japan

Charging that President Ronald Reagan

had undermined Western acceptance of nu-

clear deterrence, Mr. Nye said that a Dukakis

administration would consult closely with its

allies about a new mix of nuclear and conven-

"No more Reykjaviks," he said, referring

to the political shock in Europe after Mr.

Reagan nearly agreed, without consulting

European governments, to a Gorbachev plan to eliminate nuclear weapons, at the Iceland

But Mr. Nye praised the Reagan administration's 1986 bombing raid on Libya and the

use of naval forces to escort oil tankers in the

Gulf as "reasonable, prudent use" of U.S.

Mr. Nye, who served as a deputy undersec-

retary of state in the Carter administration,

summit meeting in 1986.

military strength.

tional forces to defend Western Europe.

would alarm many Asian nations.

East-West issues.

Mr. Lawson, who expressed conthe democratization process" it is cern about rising inflation in the important that the Aquino govern- United States at the OECD ministerial meeting in Paris last month, came to Toronto with a somewhat calmer assessment.

His view, according to British Kumihiro said that he "did not have officials, is that the world economy Kunihiro, chief counselor for exter- a very acute sense that inflationary is in pretty good shape and not facing any great danger of inflation

> OF RECESSION If there was a risk, bowever, it in Northern Ireland.

Many Voters
In Poland
Turn Backs Dukakis Aide Assures Europe on Arms said that Mr. Dukakis was better qualified than Mr. Carter because he could "see the big picture" and "hold his own agenda." And, he continued, unlike Mr. Reagan or On Election Mr. Carter, Mr. Dukakis is "not running as an outsider" seeking to change the main

By Jackson Diehl Washington Part Sarage

WARSAW - A national dia. tion for local governments on Sunday, intended by General Wojcies Jaruzelski as a showpiece of polis cal liberalization, ended with a serback as officials predicted the low est voter turnout in the country since the war.

The government spokesmen lerzy Urban, said that based on opinion polls and turnout to had day among the country's 26 million cligible voters, the authorities be lieved fewer Poles would vote in the elections for councils that govern municipalities and provinces than in either the last such elections in 1984, or last November in a refer endum on economic reform, which recorded a record low turnout rate of 67 percent.

Urban blamed the low immont on public frustration with the country's poor economic situation SUMMIT: Aid to African Debtor Nations Is Stressed at Toronto Meeting

and stalled reform program. The voting came six weeks after a wave of strikes swept the country and after the Solidarity trade mine

urged a boycott of the vote. The public showing was particalarly jarring for the authorities be cause it followed a series of moder reforms in the election law andchanges in the Constitution giving Amid concern about an Irish Relocal officials more money, power publican Army attack on Prime and autonomy. Minister Thatcher at the economic

For the first time since 1967. some of the posts up for election were contested by candidates from rested by Canadian police was different political parties. Government spokesmen denia. The Associated Press reported

ed the changes as an important stan. of democratization. But official A spokesman for Mrs. Thatcher opinion polls showed that Poles said Michael Derek Collins, arrest- were unimpressed.

ed Saturday for overstaying a one- One survey published in the offimonth visitor's visa, was being cial weekly Polityka this week stabulary, the British police force public believed that the council ्र हेला। आस्तरी १४ had any significant power.

was intended to highlight Japan's wider efforts to increase aid to developing countries, Japanese offi-

1978 and March this year.

nal affairs to Mr. Takeshita.

In the years from 1988 to 1992

Japan will waive all payments of

(Continued from page 1)

Newspapers reported that Mr.

With his right arm in a sling, Mr. on Sunday

(Reuters, AP) would be paid out the \$50 billion in tion, and higher interest rates, have

(Continued from page 1)

percent of the passengers. billion. Yet in that same period not one major airport has been built in the United States.

The next airfield, a mammoth \$1.3 billion array of runways, terminals, trains and more than 200 gates sprawling over 44 square miles (113 square kilometers) of high prairie 18 miles northeast of Denver, will not open before the mid-1990s, if ever.

After years of campaigning and negotiating, voters there in Adams County last month approved annexing the land to Denver. But many planning and financing hurdles remain, and local opponents, while acknowledging the need, vow to oppose the site.

Mr. McArtor and others call this the NIMBY syndrome (Not In My Back Yard), which has occasionally hindered plans for any number of projects: landfills, prisons, power plants and — because of their noise and traffic, both land and airborne — airports as well.

But unlike action on many such projects, each decision, or non-decision, about an airport affects the nation's larger system. "It's like having an interstate highway system," said Mr. McArtor, "but every interchange is controlled by a different local community."

This is a part of the complex aviation problem that has emerged largely because of the deregulation of the airlines in 1978. Deregulation and the resulting intense competition and lowered fares produced an explosion in air travel, from 240.3 million passengers in 1977 to 316.7 million just two years later. A total of 800 million annual

Americans have flown, according distress."

to the FAA. Before deregulation, fewer than half had flown

To handle this increase efficient-

bound passengers and Austinempty seats on all three flights. But it also means that one person must be handled by four airports. Not long ago, the land on which

At many older fields, runways come of more than \$31 million. were laid out so planes could land About 40,000 people work at O'Hare, and the airport contribute or take off into a headwind, avoiding dangerous crosswinds. Jets can about \$10 billion to the economy. land or take off in crosswinds but La Guardia, Kennedy and Newark the old runways cross each other, airports account for 3 percent of the New York area's gross regional

The airlines are fast moving toward larger and quieter planes. The ing populations. At Chicago, for 50 new Boeing 757s that American instance, Midway and O'Hare are recently ordered will seat 186 instead of the 118 in the noisier 727s they will replace. New York's airports have no

room for more runways but are spending \$4.5 billion over the next decade to rebuild the three fields, a process one official likened to per-They have their own shopping forming open-heart surgery on a malls, hot dog stands, bakeries, marathon runner during a race.

"We're looking a real crisis in the face," said Bill Cahill, a spokesman for the Port Authority of New York and New Jersey, which runs the airports. New York's efforts will involve more taxiways, new termi-Last year, O'Hare travelers con- nals, trains linking terminals and sumed nearly 2.5 million hot dogs rerouted highways to move private

AIR: Aging U.S. Airports Are Near Paralysis as Planes Crowd the Tarmacs PENTAGON: Scandal's Origin

(Continued from page 1) with material useful to military

summit meeting, British officials

said Sunday that an Irishman ar-

wanted by Northern Ireland police,

from Toronto.

contractors. That single operation led investigators to an interlocking network of consultants and a far-reaching fraud case that is shaking the multibillion-dollar military-industrial complex to its foundations.

Investigators have not disclosed the names of the former navy employee or the consultant who began cooperating in the investigation.

If the allegations in the inquiry are confirmed, it would appear that the bidding system for awarding some military contracts was corrupted into an underground economy in which consultants trafficked in information about military con-

While federal officials remained reluctant to discuss in detail what was dubbed "Operation Ill Wind," they made these points about its origins and scope in interviews last

 About 20 people in the Defense Department, mainly employed by the marine corps and navy, are being investigated in connection with providing inside information to consultants, who, in turn, gave it to various military contractors. Some officials were reported to have received money. Others were offered jobs after they left the Pentagon. A few gave the

information simply out of friend-• For the first time in a military procurement case, the inquiry made extensive use of court-anthorized wiretaps. They were manned 24 hours a day by agents from the Naval Investigative Service and the

 Investigators have evidence that some of the executives at military contractors were aware that valuable information had been obtained through payments to Penta-

gon officials. Although more than 100 federal agents in the Naval Investigative

Service and FBI knew about the inquiry, it was kept secret for nearly two years. Investigators said they had no indications that those under scrutiny were aware of the wiretaps. The decision to make the investigation public, they said, was based solely on a conclusion that little more useful evidence could be derived from the surveillance. Several consultants were freewheeling in their approach to the information, working simulta-

15 Die in India Road Crash The Associated Press

sons were killed and 25 others in- which Mr. Weinberger was to the jured Sunday when a truck tion Mr. Lehman about this probslammed into a bus near Meerut, lem. Whether the meeting occurred 80 kilometers (50 miles) north of is not clear, and there is no explicit here, the United News of India connection between the memo and

neously for competing companies In some instances, a consultant with a source of information inside the Pentagon struck deals with other consultants who had relationships with the appropriate military

contractor. After the first consultant's coop 2. cration was won by the investige tors, the case proceeded for severe :months on the basis of "consensaal" recordings in which the cousaltant were concealed recording devices. He also allowed federal investigators to tape-record his phone calls.

For several months investigators said they listened with growing interest as various people inside and outside the government were mentioned in conversations. This, in turn, led investigators to put devices on telephones that provide record of each number called.

By early 1987, Federal investig tors were convinced they had an jor fraud case on their hands and believed they could show a federal judge sufficient "probable cause" to be given permission to install wiretap on the telephone of a Washington-based consultant whose office was searched has week by federal agents.

LEHMAN: A lyou want to Links Are Proba

(Continued from page nearly a decade ago. Mr. Joseph then recruited Mr. Paisles come assistant secretary of navy in 1981, and he served at

research chief until 1987. Law enforcement sources identified Mr. Paisley as a configure in the probe of Pent contracting. His home and were searched Tuesday.

Mr. Lehman, who resign navy secretary in April 1963 same month Mr. Paisley seem consulting business, could be reached for comment. As close to Mr. Lehman said las that Mr. Lehman and his suspected their phone was The Washington Post &

Saturday that according to dated Pentagon memorand troduced in a federal court of Alexandria, Virginia, the the retary of defense, Caspar Water berger, was informed severally ago that Mr. Lehman's office. the "principal point of original"; leaks of sensitive Pentagon in mation relating to contracts.

The memo was prepared for NEW DELHI - Fifteen per- meeting between the two meeting the newly disclosed investigation.

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Meanwhile, with the rural isola-447.3 million, as have the number Ohio, may first fly to Chicago, then of miles they pay to fly, to 404.8 to Dallas, and then to Austin. tion long gone, local antagonism

fields, even on the 50 that handle 80

Since 1974, when the new Dal- ly and profitably, airlines have eslas-Fort Worth Airport opened, the tablished a system of hubs and annual number of American air spokes. To reach Austin, Texas, for travelers has more than doubled, to example, a resident of Akron. This helps an airline concentrate

Chicago-bound passengers, Dallasbound passengers and to minimize

most of these airports now sit was rural. Stapleton at Denver was sagebrush. Lindbergh at San Diego was tidal mud flats. O'Hare at Chicaso was an orchard (hence the ORD designation on luggage tags and navigation maps). Back then, at San Diego, for ex-

ample, no one envisioned that fuelladen jets that would need more than two miles of runway to get into air and fly across the Pacific. So San Diego's lone runway is too short for such takeoffs.

making one in effect useless.

has grown along with the surroundsurrounded now by businesses, schools and homes, and many of the airports' neighbors campaign fiercely against prevailing noise let alone any expansion.

Airports these days are frequently self-contained communities. barber shops, churches and health clinics, their own hotels, bus fleets and radio stations, their own crime rates, police forces and groups of homeless who migrate between terminals ahead of security patrols.

and the parking concession had in- cars, taxis and buses more quickly.

JEWS: Israel Issues an Ultimatum to Soviet Emigrés

(Continued from page 1)

Reports from Moscow said that to travel to Bucharest, an emigrant must first order a Bucharest-Tel Aviv airline ticket. In April, Jews in Moscow said they began receiving official emigration papers from Israel that permitted only travel to Bucharest and Tel Aviv.

passengers are forecast by 1990.

a status that limits their chances of settling in other countries.

After Sunday's Cabinet decision, Israel radio quoted Prime Minister Yitzhak Shamir as saying: "Every other decision would be interpreted by Soviet Jews as treason and support for the drop-outs." The move was opposed by Yitz-

hak Peretz, the interior minister, who said Israel "should save every Today, almost 8 of every 10 Jew wishing to leave a country of

arbitrators to delay a decision on who should control the tiny Red Sea territory.

Mr. Shamir, Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin decided to send Robbie Sabel, the Foreign Ministry's legal adviser, to Washington this week to arrange talks on the six-year-old dispute. Israeli offi-

Mr. Sabel will meet Nabil al-Arabi, the Egyptian representative on Taba, and Abraham Sofaer, the U.S. State Department official who has been trying to get the two countries to resolve the issue.

Meanwhile, Israeli officials said dropped its condition to start talks Sunday they would open talks with only if guaranteed sovereignty over Egypt on their Taba border dispute the 700-meter (750-yard) coastal and they would ask international strip, where Israel has built a luxu-In the occupied Gaza Strip on

Saturday, troops fired at protesters throwing firebombs, killing a 17year-old Palestinian and wounding An army spokesman said Sun-

day that three youths were wounded in clashes during the night with troops at the Balata refugee camp near Nablus in the occupied West Commercial activity in the occu-

pied territories was slow but most schools were open following clashes between students and troops on Saturday, when classes resumed af-Israeli officials said Egypt had ter a two-day closure.

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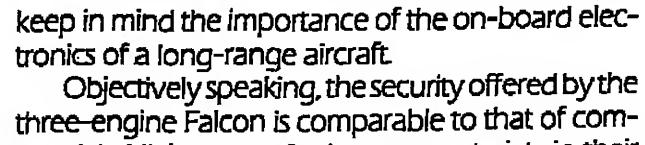
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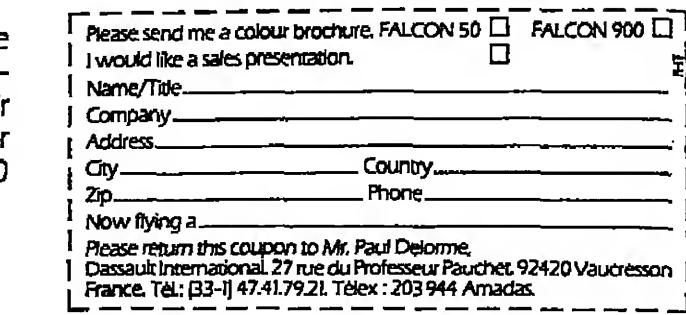
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and 900.



In Proviet Reform Meeting Find ill Seek 3-Year Delay n Most Radical Steps

By Gary Lee Washington Post Service

OSCOW — A Communist conference starting here June crtain to give general approv-Mikhail S. Gorbachev's ecoe and political reforms. But it ecommend postponement for vears of final decisions on the radical proposals, according allowed to choose replacements.

y, detailed how Mr. Gorbaand the leadership planned to he four-day meeting of 5,000 ed party delegates to ance, debate and integrate views e reform programs. In recent s some elements of the rehave come under public at-

outlined by Mr. Falin, who is didate member of the Central mittee, the agenda for the 19th conference seemed less ambiin scope and more limited in prity than Mr. Gorbachev's nal proposal of a year and a ago for a forum to overcome sition to his reform drive. . Falin said the conference's la is the result of a debate ng party officials about what of changes will be allowed

T party rules. e gathering will not have powmake new Central Committee - intments, authorize further re-2... 3 or alter party rules - steps :... I by some party radicals.

... Falin said that a proposal to the terms of Central Commit--: jembers and other party offi-- introduced by the leadership discussion, could not be enby the delegates. Instead, he the measure could be en-

otian Elections Begin Sunday The Associated Press

nal elections for the first time the Communists seized power cars ago, the official Laotian agency said Sunday.

tial elections, scheduled next ay, will be for representatives :13 districts throughout the try. These district elections are - zed to be followed in Novem-...y voting at provincial and na-- · · · I levels. Village elections are

- said to be planned. e Sunreme People's Assembly, . - n was formed in 1975, has drafting a constitution and an ion code. The constitution is sted to be ready next year.

dorsed for consideration by the 28th Party Congress in 1991.

Mr. Falin confirmed that up to 10 percent of regional party offi-cials, many of whom are members of the 300-person Central Committee, are being removed or retired from office before the meeting, but he said the conference will not be

in recent weeks, the party lead-an interview, Valencia M. Fa-irector of the Novosti press Armenia and Estonia — all torn by nationalist protests — have been removed. But they will attend the conference as non-voting delegates,

Instead of adopting measures to buttress the reforms, Mr. Falin said the conference would be empowered only to recommend new reforms and rule changes, which could then be put before the public for discussion, sent to the Supreme Soviet — the legislature — for a vote, or submitted to the 1991 party

"The conference will be just a stage for the preparation of the next congress," Mr. Falin said Soviet party congresses, beld every four or five years, are the forum in which Central Committee members are elected and major directions in party policy are discussed

and approved. At the last congress, in February 1986, Mr. Gorbachev's program o perestroika, or restructuring, was approved. Despite his all-out campaign for personnel changes, however, the Soviet leader managed to replace only 40 percent of the Cen-

tral Committee's members. Mr. Falin, who seemed to be familiar with the keynote speech that Mr. Gorbachev will deliver, said the Soviet leader would call for both earnest discussion of his reforms and independent proposals from delegates with other ideas.

Although discussion during the conference will be based on party theses, a loose set of reforms written by senior party officials and published in the official Soviet media a month ago, delegates to the conference will be called upon to debate the proposals, not simply support them, Mr. Falin said.

The conference is scheduled to close on July I with another speech by Mr. Gorbachev and the passage of recommendations for strengthening the pace of the reform drive.

· Mr. Falin conceded that many conservative party officials had been selected to the party conference as delegates but said members of the Soviet leadership were confident that the perestroika program would be supported by a majority



Dominique Declouble/Reums the screen — not an old babushka Soviet policemen leading away a protester in Moscow on Saturday during a rally demanding a system of free elections.

Yugoslavs Move Closer to Open Market Economy

stitutional revision would be neces-

Nevertheless, Yugoslav federal

By Jackson Diehl

Washington Post Service BELGRADE — Yugoslavia's Communist leadership, frustrated by years of economic crisis and Europe's highest inflation, is moving to abandon key elements of the unique economic and social system installed by the postwar leader, Josip Broz Tito.

Under a consensus taking shape among party and government officials from the country's eight semiantonomous republics and provinces, the practice of selfmanagement by workers and the steering of the economy through broad social pacts, conceived by ideologist Edvard Kardeli and put in place by Tito during the early

1970s, could be largely dismantled. In its place, Yugoslavia would seek to create an open market economy with substantial private and cooperative sectors that would differ from Western capitalism chiefly in its relatively larger degree of nationalized industry, party and government officials say.

The reform drive comes as workers have taken to the streets to press their demands for changes in the system and higher pay. Thousands of striking workers from a Belgrade tractor factory marched on parliament Friday and led a demonstration outside chanting. "We want bread," and, "Thieves."

vented another 5,000 from joining sary to fully implement the plans. As envisioned by a special regovernment officials and representatives of some key republics say form commission headed by Prime

month ago. About 5,000 workers

from the Zmai factory and at least

two other companies marched to

parliament and were permitted by

police to walk along central Lenin

Boulevard, according to United

Press International. The police pre-

The practice of self-management by workers and the steering of the economy through broad social pacts, conceived by ideologist Edvard Kardelj and put in place

by Tito during the early 1970s, could be

ward."

largely dismantled.

Minister Branko Mikulic, the new model would approximate the most radical plans for reform of socialism now being considered by Soviet Bloc economists. In that sense, Yugoslavia, which since breaking with Moscow in 1948 has sought to cultivate a unique variant of Communist rule, would move toward a convergence of policies and economic interests with Warsaw Pact neighbors such as Hungary.

The landmark reforms, which The labor protest was the largest demonstration since the governwere presented to parliament and a special conference of the Yugoslav

the pressure for radical reform is now overwhelming and many of the changes could be pushed through by the end of this year.

"We are in a politically unstable situation in that the present system clearly cannot last any longer. said Milos Crajobraja, the planning minister of the republic of Serbia. "The reform forces and the antireform forces are pretty much out in the open. There will be a confrontation in the fall and then maybe, we will finally move for-

well as clashing provincial and re- and fiscal austerity under a new publican interests. Extensive con- agreement with the International Monetary Fund (IMF).

Under the plan, Yugoslavia expects to receive a total of \$1.4 billion in new loans from the World Bank, Western governments and commercial banks over the next year, in addition to relief on payments of its existing \$21 billion in debts. In exchange, the government has freed prices of 60 percent of goods, liberalized imports, created a free foreign exchange market, and imposed strict controls on both state spending and wages.

The new measures, which aim to reduce inflation from 150 percent in May to around 95 percent by December, have meant more hardship for long-suffering Yugoslav consumers and another wave of strikes and protests for the government to manage. Prices of meat, beverages and other consumer staples, which had been frozen for several months, have doubled in the last few weeks even as some firms have been forced to reduce their workers' wages.

strikes have broken out in big industrial firms around the country. The unrest has raised the question of whether the new stabiliza-

League of Communists early in The government made the first preceded it in the last two years, June. must still survive what offi- moves toward deep reform in late will collapse through the pressure cials say will be a bitter battle be- May by implementing a radical of striking workers and the reluctween reformers and hard-liners, as program of market liberalization tance of fractious republican and local officials to stick to a fiscal

By David Remnick

Washington Post Service

days before Mikhail S. Gorbachev

assumed power in 1985. Richard Pipes was a "devil" to the Soviet

Union. As both a historian and an

adviser on Soviet affairs in the Rea-

gan administration's first term, Mr.

He is here now on his first trip to the Soviet Union in 13 years, and

he cannot quite believe all that he is

A few days ago, Mr. Pipes was sitting in his room at the National Hotel, near Red Square, watching a

television documentary called "Ca-

thedral." He was impressed. "In fact, I was stunned," he said.

"First they showed the dynamit-ing of churches during the Stalin

era. Then a young woman came on

kissing icons, not that stereotype -

"They really hated me here," he

Pipes epitomized the hard line.

said. "I was pure evil."

hearing and seeing.

MOSCOW - In the dark, weary

Though spearheaded by Mr. Mikulic's relatively weak federal government, the thrust of the economic reform drive has been strongly backed by party leaders in Serbia and the liberal northeastern republic of Slovenia. At its heart is the conviction that Tito, in seeking to create a unique form of socialism in Yugoslavia, gravely erred in leading the economy away from a market-based system in the 1970s.

Under the 10-point reform proposal, the unit system of organizing the economy would be dropped in favor of the traditional company form, and the role and powers of worker's self-management would be scaled back, Mr. Kardeli's concept of "social ownership" of nationalized firms would be radically changed and workers would be issued shares in the firms they worked in.

Other parts of the reform proposal would seek to restore a traditional market economy to Yugoslavia by reshaping the banking system along Western lines, creat-Store sales slumped in June and ing a capital market, changing the accounting system so that compa-reform. nies would be forced to become cost- and profit-conscious, and ailowing unprofitable firms to go

He's a Devil No More but a young pretty woman with a spiritual face, and she said with great conviction. You have to believe in God. Otherwise, you are dead. Religious faith keeps you

A 'Devil' to the Soviets

Finds Russia Changed:

On another channel, Mr. Pipes watched a former alcoholic in the Ukraine tell an interviewer that he now had 150 head of cattle and earned nearly \$30,000 last year,

vasily more than average. Still later, Mr. Pipes heard Vitali Korotich, editor of the weekly Ogonyok — a main forum for criti-cal articles — question the Communist Party's control of the Soviet state. "It was absolutely non-Le-

ninist," Mr. Pipes said. Mr. Pipes, 64, was born in Poland and lived there until his family escaped the Nazis in 1939. As an academic, a professor at Harvard, he visited the Soviet Union sever times before 1975.

Since then, his work for the National Security Council in 1981-82. constant denunciations of him in the Soviet press and, also, just a lack of interest, kept him away.

"There was really no sense in going," he said over lunch at an Uzbek cooperative restaurant "! mean, what was really so different about the Soviet Union in 1975

and, say, 1983? Nothing," The other night, Lev Timoleyev, a prominent dissident and the president of a small, unofficial "university" in an apartment, invited him

to give a lecture. In a room choked with benches and people and wool and the thick haze of Russian cigarette smoke, Mr. Pipes spoke of the need for the Soviet Union to adopt "the Westem way" of private property and

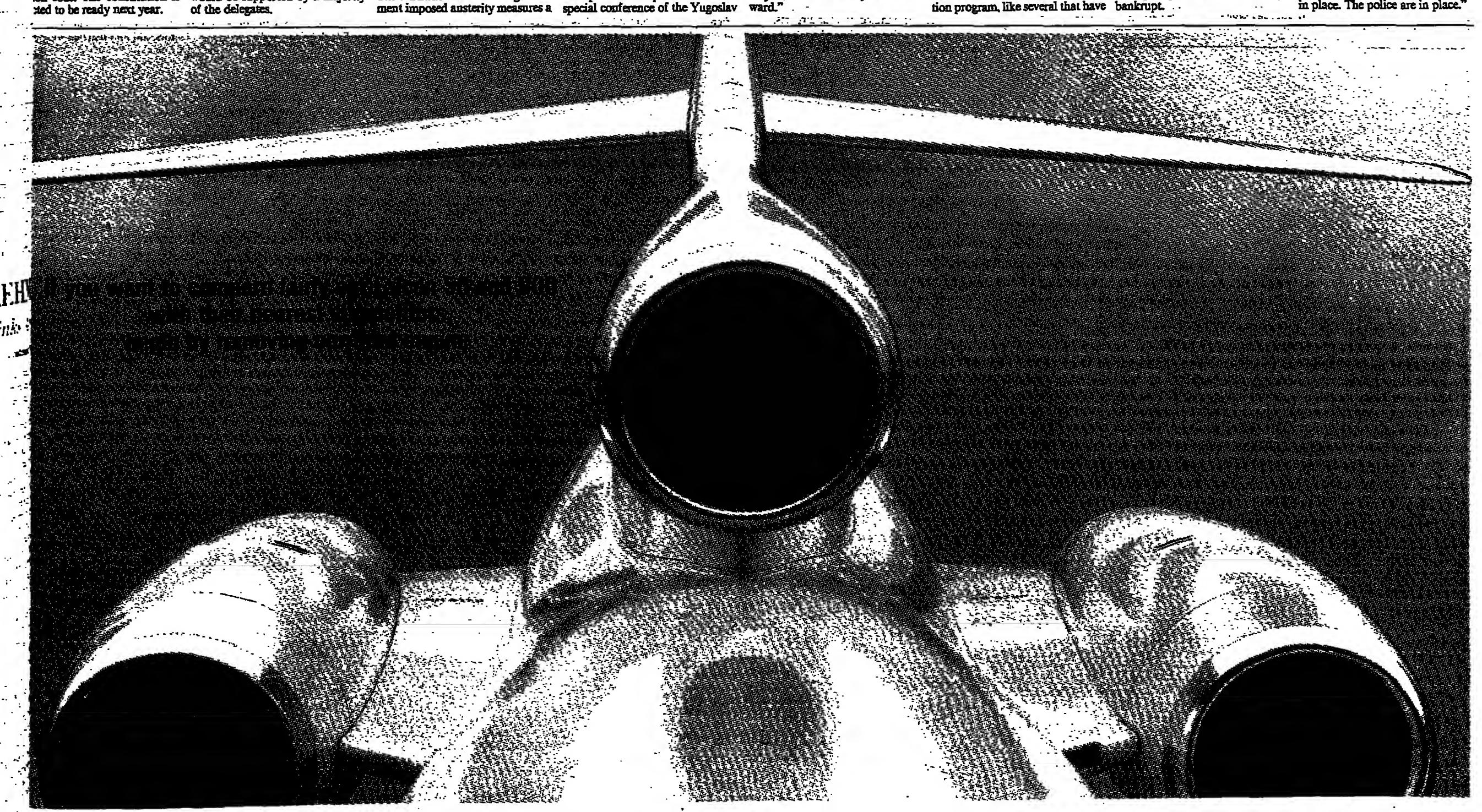
individual, legal rights. "There were a lot of people in the room who take Solzhenitsyn's view that everything after the revolution is awful and everything before was

glorious." Mr. Pipes said. The changes under way became evident to Mr. Pipes when Moscow News published two of his articles. And an article in Novy Mir referred, rather positively, to one of

Mr. Pipes's seemingly most anti-Soviet ideas — that the lack of private property has been a principal barrier to democracy and participation in public life. Still, Mr. Pipes is "cautious"

about the course of reform in the Soviet Union, saying that the publication of once-forbidden books is "relatively easy" compared with the task of economic and political

"The lessening of fear here is genuine." he said. "That can't be faked. But the contradiction is still in place. The police are in place."



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Small Expectations

All the vibrations indicate screnity and good feelings this week in Toronto. The chance of serious friction or even serious discussion is low — lower than last year or in most years — as the seven big industrial democracies meet for their annual session on economic strategy. Things are rocking along pretty well for most of the rich countries, and in any event the Americans have explained to everyone that their tribal customs and precepts forbid them to make hard decisions in the years in which they elect a president. The other six governments have accepted, with a sigh, the warning that the Americans do not intend to participate in much history at Toronto.

The threat of world recession seems more remote than it did last year at Venice. Japan, for example, has just published figures showing that its economy is growing at a rate of 11 percent a year. For people who make economic policy, there is plenty to worry about, but none of it seems very urgent. The big issues have all slid off into the middle term. The American budget and trade deficits are menacingly large but no worse than last year, and the trade deficit, at least, is coming down a little. The dollar is stable for the moment; Japan and Europe have apparently decided to finance it until the election, although they have made no promises for next winter. There is a growing sense that the big Latin American debts may have to be reorganized, but Toronto will confine itself to the much

smaller and more manageable African debts and leave the Latins to another day.

Of the second-level quarrels on the agenda, the most divisive is agricultural subsidies. Washington has many sins of subsidy for which to answer, but the chief malefactor is the European Community. It claims, wrongly, that its grossly overdone subsidies are the price of social stability. Europe is only buying off some of the agricultural lobbies at home while it dumps products abroad on a scale that causes real distress to small countries in the Third World. The United States is absolutely right to press for more rational rules of the game, but so far the Europeans are defensive, huffy and adamant.

The Toronto meeting will probably be memorable chiefly for the allies' farewell to Ronald Reagan, who has changed their countries as well as his own. The American example has made tax reform a major objective, with the inevitable emphasis on reduction of too income tax rates. Reaganite ideas about wide-open financial competition have forced other countries to choose between opening up their markets or being left out of the game. Not all of the other six politicians meeting in Toronto are convinced that the world's emerging financial system is either stable or durable. But while they may have doubts about Reaganology, they have warm regards for the genial man who personifies much of the spirit of their own times. — THE WASHINGTON POST.

Zia Promises Again

Mark Twain once remarked that giving handedness, nor about his nuclear ambiup smoking was easy; he'd done it dozens of times. President Mohammed Zia ul-Haq of Pakistan has no difficulty talking about democracy and constitutional rule: he promises them all the time. After seizing power in 1977, he vowed to call elections in 90 days: it took eight years. Now he again promises to call elections within 90 days, but aides say there is a difference between calling them and holding them. Given Washington's close identification with this increasingly unpopular general, the administration and Congress need to send a strong public signal of displeasure.

The latest round of unkept promises began when General Zia dismissed his prime minister, Mohammed Khan Junejo. Mr. Junejo, it appears, was too independent. and possibly too zealous in investigating the explosion of an arms depot that killed more than 100 people. Two generals close to President Zia are said to be culpable for establishing the depot, whose arms were meant for Afghan guerrillas, in a populated area. And the prime minister was evidently too affirmative for the president's taste about the recent accord mandating a pullout of Soviet troops from Afghanistan.

So what is the United States to do? There American confidence is also eroding. is nothing new about General Zia's high-

tions. U.S. law requires cutting off aid to countries that pursue a nuclear weapons capability, but the administration has waived this action for eight years. Legal imperatives were offset by progress toward constitutional government --- the end of martial rule, the return of political exiles and the 1984 elections — and by Pakistan's support for the Afghan rebels fighting to drive Soviet invaders from their country. As the Russians now withdraw, and with General Zia reasserting personal rule, Congress would do well to reconsider its nuclear waiver.

Granted as long as General Zia retains the confidence of the dominant military, an aid cutoff from Washington probably would not matter much; that is the lesson demonstrated by General Manuel Antonio Noriega in Panama. But it is sensible to assume that General Zia resists holding a free and fair election because it might expose his unpopularity. He may be fearful that elections would upset his regime much as they did that of Ferdinand Marcos in the Philippines.

If he unreasonably postpones elections, it is fair to conclude that his regime has lost the confidence of his people. It would be reasonable for Washington to let him know that

— THE NEW YORK TIMES.

Business as Usual?

I or anyone else has ever seen," "the most serious case in the history of the Department of Defense." They may be right, but it seems to us a little early to make such epic judgments. It is equally early to say, as Pentagon spokesman Dan Howard did reflexively the other day, that "this is an investigation of individuals — it is not an investigation of institutions," or to contend, as Mr. Howard did in Defense Secretary Frank Carlucci's name, that "we have a very solid, adequate acquisitions process."

In fact, neither the senators nor the secretary and his spokesman can know yet. They are still operating, as we all are, on early fragments of information. Search warrants and subpocuas have been issued, and representations made to a court, but it is not even time in the process for the customary warning that a person is innocent until proven guilty. No one has even been indicted.

That is as to individuals. As to the system, it would help enormously if the people expressing so much shock on all sides would leave the choir-boy robes at home. Bribery and the buying of information of the sort alleged here are awful, illegal, corrupting, wrong - and in some ways the logical extension of a process that goes on all the time.

The Pentagon now lets more than \$100 billion in weapons contracts (procurement plus research and development) a year.

Senator Charles Grassley, an Iowa Re- Only 25 years ago that was equal to the publican, says that the breadth of the de- entire federal budget; the competition for fense procurement scandal now unfolding the money is fierce. The competition is is "beyond the wildest imagination," while complicated by the fiction, or theory, that his colleague John Warner a Virginia Re- America possesses a private defense induspublican, calls it "the most widespread case" try whose relationship with its best and in many cases only customer is arm's length.

> The acquisition process is one in which the interests of buyer and seller, service and contractor, tend to be the same at least as often as they are opposed. The service wants the weapon that the contractor wants to sell; the money is someone else's. Not just profits but careers on both sides of the transaction depend on its consummation, often at the expense of other transactions competing for the same funds. Everyone in the process, including members of Congress and their staffs, is seeking information from and importuning those who will make the next decisions.

> The infamous revolving door, apparently a contributor to this case, is part of this. So are honoraria and campaign contributions to members of Congress. Favors are done and dangled all up and down the line. Secretary Carlucci and other defenders of the system understand that. They want to say that the system has integrity. Seen from certain vantage points, it has. There is more than one way to build a better tank. Serious debates go on all the time within the system, and high-minded decisions are made. It is possible to say this and to say that at another level the system is a fetid one; perhaps in this democracy it always will be.

The defenders no less than the critics need to talk in realistic terms.

— THE WASHINGTON POST.

Other Comment

Other Parties in Toronto

predecessor, Yasuhiro Nakasone.

The G-7 meeting is expected to be noteworthy not so much for the matters discussed but for its cast changes. The Toronto gettogether is Ronald Reagan's last economic summit and Noboru Takeshita's first. Critics say that Mr. Takeshita is basically unopinionated and does not comprehend global issues. He is certainly less forceful than his

But it is also said that Prime Minister Takeshita's unassuming style is more appealing to other Asian countries, and there are expectations that he will work for improved ties throughout the region. A Japa-

nese official said the prime minister will urge other summit participants to send out a "strong message" against protectionism. He will also seek to play the role of a bridge between Asia and the West, the official said, and will argue on behalf of the newly industrialized economies of South Korea.

Taiwan, Hong Kong and Singapore. That is a good sign, not just because Japan is taking a more active leadership role in the region, but because the so-called four tigers will have a voice when the world leaders meet. The "fifth tiger" - Thailand — can hope for similar treatment as our economy continues to expand.

- The Bangkok Post.

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OPINION

Time for Moderates Is Fast Running Out

DARIS — Prime Minister Yitzhak Shamir said after a firebomb attack in Tel Aviv on June 12: "The conflict is over survival. We are talking about injury to our actual being, and such should be our defense." Reported deaths since the Palestinian uprising began in December stand as at least 218 Arab and three Jewish lives. These are not the tolls of open warfare, but Mr. Shamir makes it sound as if another war were nearly there, indeed, as if it were awaited.

The extraordinary decision of the Israeli Defense Ministry authorizing civilians as well as soldiers in the occupied territories to shoot Palestinians "who are seen holding firebombs in their hands" stops little short of warnine firing at the enemy when he shows his head. So far has the situation degraded, step by

step, always in one direction. Who is to say if someone "seen holding a firebomb" actually has a bottle of soda? Who judges the West Bank settlers' claim to self-defense?

A couple of days later, the Paris newspaper Le Monde reported the explanation of three West Bank settlers to the police after they had By Flora Lewis

severely beaten an Israeli construction foreman near Kiryat Arba. "Terribly sorry," they said, "we thought he was an Arab." They had shouted at him in English and he didn't understand. Who is to decide which is the enemy?

Those who insisted six months ago that only a tough Israeli response could restore order, and who complained that Israeli "enforcers" were being unfairly criticized, are getting their answer. More trouble, more hatred, more destruction. Joel Brinkley of The New York Times reports that the Tel Aviv firebombing and arson in painstakingly reforested areas inside the "green line" (pre-1967 Israel) are awakening the majority of Israelis going about their daily lives to the reality of the new pandemic warfare.

In effect, many people remain apart from the hostilities, but these are spreading. The further the hostilities go, the more chances which existed for compromise are disappearing. Mr. Shamir suggests that expansion of Arab insurrection

For Peace Talks Between Israel and the Palestinians

WE the undersigned urge immediate inter-national attention at the highest level to foster negotiations between the state of Israel and the Palestinians, based on mutual recognition of national legitimacy and the exchange of territory for peace. The bloody violence and loss of life in the disputed territory underscores the urgency of constructive negotiations. Now is the time for a Declaration of Peace for the Middle East.

We support the continued independence and security of the state of Israel. We equally affirm the right of self-determination and security for the Palestinian people. We believe that mutual recognition and goodfaith negotiations between Israelis and Palestinians can achieve a just settlement and that such a settlement should be guaranteed by appropriate international peacekeeping arrangements. We further believe that such a political settlement can result in a reduction of the military burden for the people of the Middle East and open the way for constructive economic, social and cul-

Negotiations must involve not only the Pales-

tural development in the region.

tinians but also the Arab states in conflict with Israel over substantive issues.

An international conference including active roles by the United States and the Soviet Union can facilitate bringing the various parties together, establishing assurance of fairness and opening the way for substantive bilateral negotiations. - George W. Ball,

former U.S. undersecretary of state. - Garret FitzGerald. former prime minister of Ireland. - Barry Goldwater. former U.S. senator and Republican presidential nominee (1964). — Anker Jorgensen, former prime minister of Denmark. — Philip M. Klutznick, former president of the World Jewish Congress and former U.S. secretary of commerce. - Bruno Kreisky,

former chancellor of Austria. — George McGovern, former U.S. senator and Democratic presidential nominee (1972).

from occupied territories to Israel proper is some sort of breach of tacit rules, as if Palestinians had accepted the division of territories, albeit without peace, which he himself rejects.

He is probably right that the longer the confrontation continues, the more Arab hopes to destroy Israel altogether are fanned anew, Both sides are being driven to mounting violence, and the question comes nearer of how long it will be that guns are available to one side only.

George Shultz keeps plodding doggedly around the Middle East, without much hope of at last engaging in negotiations but trying at least to keep up the appearance of some kind of peace process. of some kind of diplomacy as an alternative.

But there probably will be no breakthroughs before the U.S. elections in November. By then Israel will also be holding elections, and the signs are that Mr. Shamir will win against the seemingly more moderate but indecisive Labor Party leader, Shimon Peres. And Mr. Shamir will have Ariel Sharon, the former general, urging him to take off what safety catches remain on Israeli arms.

Meanwhile, there is escalation in the quality and destructiveness of arsenals throughout the region. The Russians agreed at the Moscow summit conference to begin talks with the United States on limiting the transfer of missile technology, and there were long but evidently fruitless discussions on the Middle East. It is all too slow. The danger signals are growing urgent.

An estimated 10,000 to 20,000 people in the fundamentalist movement Gush Emunim seem to have seized the initiative from politicians and to hold Israel hostage with their vicious provocations of Arabs, just as activists hold the Palestinians hostage. American Rabbi Meir Kahane, leader of Kach, is one of the Israeli militants' most virulent spokesmen. A surprising number of the fighting fundamentalists are American emigrants. They see themselves as modern Maccabees, waging a holy war to victory or cataclysm.

As Ian S. Lustick, associate professor of government at Dartmouth College, says in the bulletin of the Council on Foreign Relations. these are added reasons for the United States and American Jews to be concerned. But so far Desense Minister Yitzhak Rabin has refused to order the disarming of Kach members.

This is not a time for moderates to be patient or indulgent. The way things are going, there will soon be no time at all for moderates. The New York Times.

ited Nations Development Program.

skeletal proposal for the Philippines

will take a lot of work. But some

Asian leaders, such as Prime Minister

Lee Knan Yew of Singapore, are

campaigning for it. They believe that

Philippines itself. Middle-class nation-

alists, who are essentially economic

protectionists, maintain that such an

aid plan would impair the country's

sovereignty. The left, riding this na-

tionalist wave, argues that it would

deepen the Philippines' dependence

on the international capitalist system,

whether the Philippines is prepared to

oping the economic strength that a

number of other countries in East Asia

have already achieved. With economic

The most relevant issue, however, is

The biggest obstacle lies within the

the resources can be assembled.

Philippines: Economics Should Have Priority

By Amando Doronila

ANILA — A proposal for \$10 IVI billion in aid from a group of Western and Asian countries to assist economic recovery in the Philippines is meeting strong reservations from vocal segments of public opinion here. This surge in skepticism is unfortunate because it occurs as efforts to build Indian Ocean and the Gulf. international support for the multilat-A postwar history of unequal mili-

eral aid plan are gaining momentum. The United States and Japan have said they would seek backing for the initiative from other leading industrial powers at this week's three-day summit of Western leaders in Toronto. The proposal for a coordinated as-

sistance program has suffered from bad timing since its inception. The fact that it was first put forward by a bipartisan group of four members of the U.S. Congress last October as the Philippines and the United States were preparing to review a long-standing bases agreement that permits American forces to operate from the Philippines made the plan a target for attack from nationalists and the left.

As debate becomes more emotional over whether U.S. use of the bases should be allowed after the current agreement ends in 1991, and over how much compensation Washington should pay Manila for continued access, the multilateral aid program is also coming under heavy fire.

The plan has some influential supporters in the government and private sectors in the Philippines. They see it as a means of spurring sustained growth of the economy, strengthening political stability and consolidating the structure of democracy restored since the end of the Marcos regime in 1986. President Corazon Aquino said she was willing to accept the aid program so long as it was not conditional on renewal of the bases agreement.

Nationalists, as well as the left, argue that the aid plan is a device to try to soften the ground for acceptance of the bases beyond 1991. The bases are

W ASHINGTON — The decline of the superpowers' influence

in the world will come about not

because their economies, strained by

inge military budgets, are pulling

them down, as some experts have

suggested. Rather, regardless of how

much the United States and Soviet

Union spend on defense, they are

finding that they are less welcome in

the Third World than they once

were, that they must contend with

better-armed opponents and that

they face greater domestic political

that Third World countries are

merous opportunities for super-

power intervention. In 1969 alone,

coups in the Arab world changed

the governments of Iraq, Libya and

Sudan, Friction developed between

Moscow and Washington as both

These emerging states are no long-

er fragile, and world politics has be-

come much less fluid. U.S. and Sovi-

et leaders can now sit down and

discuss regional conflicts because

new friction points are not develop-

Contrast this with the first period

of detente, under Richard Nixon and

Leonad Brezhnev against a back-

ground of wars between U.S. and

Soviet allies in the Middle East and

Southeast Asia. Détente was in part

undermined by the collapse in 1974

of the last European empire, that of

Portugal, leading to a scramble for

By the '80s, states that had

emerged since World War II had

Angola and Mozambique.

ing as rapidly as they once did.

sought to fill the power vacuums.

costs of such intervention.

considered by the United States to be among the most strategically important in the Western Pacific. They help counter Soviet power in the region and support a U.S. military presence in the

tary, economic and political relations between the United States and the Philippines contributes to a deep-seated suspicion among Filipinos that any "aid" initiated by the United States has strings attached. The nationalists and the left, including the outlawed Communist guerrilla movement, suspect that approval of a multilateral aid package will come only if Manila agreed to continue allowing American forces unhindered operations from Clark Air Base, Subic Bay Naval Base and other military facilities.

In addition to the United States, potential participants in the aid arangements are Japan and members of the European Community and the Association of South East Asian Nations, Australia, South Korea and Taiwan. But Filipino critics will not accept that a multilateral structure could prevent the United States from dominating the agenda of the plan and using it in a trade-off for concessions on the bases. A powerful streak of isolationism in Filipino nationalism prevents it from recognizing the possibility that broadly based assistance could help the country lift itself from the bottom of the development ladder in ASEAN.

President Actino has said that the Philippines has the potential to be the "next economic miracle" of Asia. Official statistics show that in the first four months of 1988, GNP grew by 7.5 percent, compared with 5.5 percent in the same period last year. But unless there is a large injection of foreign investment, government economists believe that it will be impossible to

Today It's a Different Third World

By Patrick Cockburn

developed their own powerful politi-

cal oceanizations and armies. Today.

outside intervention — whether by

the Soviet army in Afghanistan or by

the U.S. marines in Beirut — in-

volves greater military risks than be-

fore. And domestic political opposi-

tion to such intervention is stronger

in both countries. Simply increasing

defense expenditures by either side is

and naval vessels in and around

change in the outcome of either

that increased military spending

does not translate into greater polit-

ical power in the way it once did.

This is especially important be-

cause it renders largely irrelevant

the debate over whether the Ameri-

can and Soviet economies can sup-

port their defense needs any longer.

viet economy, the arms race has

always imposed more of a burden

on Moscow than on Washington.

That has led some to recommend

that America exploit Soviet eco-

nomic weakness. Under the threat

of a military escalation, Washing-

ton could extract concessions from

Moscow on foreign policy, human

The weakness of this logic is that

the Kremlin is starting to realize that

spending more on arms produces

few political benefits. Last month

rights and other issues.

Given the smaller size of the So-

The lesson of the last 10 years is

If Washington had doubled the

not going to change this.

conflict? Probably not.

The main cause of this decline is number of its marines, warplanes

stronger today than in the 30 years Lebanon in the 1982-1984 period,

after 1945 and less vulnerable to or if Moscow had stationed twice as

interference. Until the mid-70s, many troops as it did in Afghani-

revolutions and coups provided nu- stan, would there have been any

sustain this growth rate.

If a multilateral aid program were properly packaged, it could provide just the kind of resource transfusion needed by the Philippines, where economic expansion is restricted by the burden of repaying foreign debt amounting to \$28 billion. About 40 percent of annual export revenue is eaten up to service this debt.

The multilateral aid proposal has been dubbed a mini-Marshall plan, after the U.S.-funded program that helped Western Europe revive from World War II. But there is a better contemporary model for assembling such a consortium. Known as the Inter-Governmental Group on Indonesia, it has pumped huge amounts of economic assistance into Indonesia since the late 1960s. At a recent meeting in The Hague

the group assembled a new package of financial and technical aid worth more than \$4 billion. Among its 14 members are the United States, Japan, European countries, Australia, New Zealand, the World Bank, the Asian Development Bank and the Un-

strength comes room for maneuver to increase political independence. The writer, editor of The Manila

Chronicle and a prominent political analyst, contributed this comment to the International Herald Tribune.

For a Political Conversion to Growth

The ART of the West's problem is lack of confidence. It has been so hammered in the last 15 years by OPEC, inflation and recession that it cannot recognize a good day when the sun shines. But we are in the sixth year of sustained growth. The June 9 OECD figures tell us that the economic outlook for the industrialized countries exceeds all expectations.

And the Third World is underestimated. Those countries take almost 20 percent of the West's exports. Their total GNP is well above \$2 trillion. If they were on full throttle, instead of limping along, they would lift not just themselves but the West as well.

the Soviet Central Committee ac-

cused the old political leadership of

letting itself be drawn into an arms

race with the United States. Even

after achieving basic parity in inter-

continental ballistic missiles, the

committee charged, it had not signif-

icantly improved its world influence.

that resources allocated to the mili-

tary have produced diminishing re-

turns in security and political influ-

ence abroad, it could decide to

unilaterally cut defense allocations

An argument about the decreas-

ing ability of the U.S. economy to

sustain its defense burden, recently

popularized by Paul Kennedy at

By suggesting that America may be

Yale, suffers from the same fallacy.

unable to afford its military role, Mr.

tion of whether the defense buildup

in the last decade brought any real

inprovement in American security

and world political influence. A

strong case could be made that it did

Today, intervention in regional

conflicts by either superpower carries

much greater political and military

costs. They will face well-equipped

armies capable of inflicting heavy

casualties. This raises the costs of

using or threatening to use force. As

the world enters the 1990s, the trend

is not that defense is becoming too

expensive but that it buys less and

The writer, a former Moscow and

Middle East correspondent for The Fi-

nancial Times of London, is senior

associate of the Carnegie Endowment

for International Peace. He contributed

this comment to The New York Times.

not have such an effect.

less political influence.

Kennedy and others avoid the ones-

in the next five-year plan.

If the Soviet leadership believes

The Toronto summit package of debt relief for Africa will do little for the world economy at large. Most of Africa is too poor to count. The really important issue is the Latin American and Filipino debt, together with that of the African countries which carry economic clout — Ivory Coast, Nigeria and Morocco, which are not included in the present package.

Most of them have gone about as far as can be expected to sort out their end of the problem. After years of belt-tightening, they now export more than they import, and since 1985 they have resumed economic growth. But it is slow. Per capita income is still shrinking and so is their buying power. According to UNICEF, infant mortality rates are rising after two decades of decline.

The issue, as with arms control, is not the method; experts can work that out in their cloisters later. It is the political decision to judge that the time is right. The IMF recently warned that if further bank money is not forthcoming, the effort to solve the debt problem may collapse. The banks need political leadership

Toronto is the occasion to pull all this together. The West is at a historic juncture. When everything is going for it — economic success, peace with its principal political adversaries - surely the time is right to put the globe on a new trajectory, with economic wellbeing becoming the norm. - From a syndicated column

by Jonathan Power.

The Chin Are Roots For Glasn

By Liu Biny

OS ANGELES - Pro-L country outside Ensemble is more concerned than China the success of Mikhail Gorbacheve reforms. Just as China's achieve ments in economic reform have in spired Soviet reformers, so the fate of Mr. Gorbachev's political reforms will have considerable influence in China, which trails far behind the Soviet Union in this respect.

Mr. Gorbachev, unlike the Chinese reformers, has always made political reform a priority. Changes in the Sori et press have been especially envied in China. No mainland Chinese news paper has been allowed to match the way the Soviet media boldly expose political mistakes, stimulate disease sion of political questions and emics. ly challenge conservative views

The Chinese are no less interested in social and political issues. From 1978 to 1980, when The People's Daily was musually frank and courageous in circulation rose to seven million la er, as the paper reverted to a more

The people have learned to think for themselves.

cautious style, its circulation dropped by half. In the Soviet Union, with a population of more than 280 million Prayda circulates more than 10 million copies. Even allowing for lower literacy rates and less average buying power in China, there is no reason why a population of more than a billion should produce a newspaper readership smaller than Pravda's.

I argued in a speech in China in Putting flesh on the bones of the

> Russian reformers enjoy one distinct advantage over the Chinese in the pursuit of glasnost. Mr. Gorbacher represents a new generation of leader who were not shaped by the Stalinist era. While reformers in both countries. must contend with a strong authoritisian tradition. Stabin has been dead for 35 years. Mao Zedong died in 1976: Moreover, Stalin, unlike Mao, valuel_the utility of intellectuals. Today there are proportionately more intellectuals in the Soviet Union, with more jobs. open to them, than in China.

A postwar history of economic de seize every available chance of devel- velopment and internal peace makes it harder for Russian reformers to argue convincingly for perestroika. The Chnese reformers, who have no such legacy to argue against, have met lest.

resistance in reforming the economy. VOU Call 118 Another factor favoring China's reformers is the Cultural Revolution, the experience of the Cultural Revolution has cared many Chinese citizens of the superstitious belief in personal authority and freed them from politi-

have learned to think for themselves. cess. Tens of millions of Chinese have ic interests. Yet the success is limited by the old, immutable political system which has not kept pace with the demand for reform. The huge and ever

threaten individual interests. Tens of millions of Chinese are still without adequate food and warming and severe inflation is causing nearly everyone's standard of living to fall These facts stand in sharp contrast to the extravagant luxuries enjoyed by those who retain power and privilege 4. All these conditions contribute to 4.

tremendous thirst for change. The great popular yearning is a key reason why economic reformers have had more success than their Soviet counted parts. Now they hope that Mr. Gorbel they is as successful in the political realm as they have been in the economic ic. That could give the push they need to bring political reform to China.

People's Daily in Beijing, is a visiting lecturer at the University of California on Los Angeles. He contributed this comment to The New York Times.

100, 75 AND 50 YEARS AGO

delegates from the United States, was hole and in a bunker. He took off his brought to a close [on June 19] with a coat and got out of the bunker. Most meeting in Exeter Hall, at which about 2,000 persons were present. A telegram from the Archbishop of Canterbury, expressing sympathy with the objects of the conference, was read, as was a letter from Joseph Cooke of Boston, in which the writer the Eden Valley of New Mexico contended that at least one missionary should be sent out to every 50,000 unsaved people, "for, if the saved nations don't fill the world, the unsaved ones speedily will"

1913: Shirt-Sleeve Golf

LONDON — Golf in shirt sleeves is a matter of impassioned discussion. American players adopt our habits as rocket has at last pierced the veil that regards dress when they come over hides us from full knowledge of the here. I can only say that I have only

shirt sleeves. This was 'Chic' Event LONDON — The general confer-ence on foreign missions, with 168 pionship game. He was at the 19th of us survived the incident."

> 1938: Goddard's Dream PARIS — People who want to get on

Eden Valley came news of a new. rocket on its intended upward path even after its fuel is exhausted, in-stead of letting it turn back prema-

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1984 that the cover-up of issues in Chinese political and social life driver the people from the Communist Party and increases their indifference I said: "Our level of democracy will be determined by our degree of openness; because democracy, to a large extent, is the right to choose." My term "openness" was meant in onic the same sense as the glasnost advocated by Mr. Gorbachev in 1985. Yes China still has no glasnost.

which devastated both the culture and the economy. While Mao's influence and still grips many in the political clite.

cal dogmatism. The Chinese people A great rain today cannot possibly be as blindly obedient and docile as they were. They This energy, newly unleashed by INDI free market measures, has made and nomic reforms in China a partial such a line of the lin escaped economic relationships of de pendency to take charge of their own

from Dal expanding bureaucracy continues to

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The writer, formerly a reporter at The

1888: Foreign Missions once seen an American golfer in he

the earth may look back some day to aviators now honor the beach at Kill ty Hawk. In Eden Valley, Professor Robert H. Goddard is continuing researches with rocket aircraft. From steering mechanism able to keep the turely toward the ground. From Eden R. Harris, representing golf on the Valley may come, some day not tod. Stock Exchange, said: "As a rule, the far in the future, news that a new

stars, the veil of atmosphere.

Berten greigen . m of fperdenne E. Philipping House, St. St. St. a history in .

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翻译 Anterenter. the of the light Andrew Bay कुम्बार्वत्यक्षात्रः । हिन्तुः menge Aria. im Charles Single Part of the last Mars Bags part manne iftere u

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In the ten short years in which China has been liberalizing its economy, it has also gone through a crash course in the triumphs and tragedies of capitalism.

Coming to Terms With Inflation

THINA'S economic growth has been remarkable. Its modemization program and vigor-. ous export drives have produced annual GNP increases that would be beroic were it not for the relatively minor role that its economy plays in the global market. But the price of economic reform is now being paid, and

it's an alarming one. Inflation is running at a national level of seven percent, according to the Beijing government, but has been put as high as 20 percent in some areas by independent observers. Not only that, it is confronting the government with a political challenge as serious, if not as grave, as anything faced by the Western industri-

al powers in the 1970s. Inflation has been inevitable in China's dramatic economic change of course from rigid central planning and control to widening free enterprise. Wherever wages and prices have been unshackled, largely in the newly emerging consumer manufacturing and service industries, they have risen swiftly. The export boom, essential for the foreign exchange needed to bankroll the modernization program, has siphoned away consumer

production and produced a fa-

ាន ៤ ខានបត់ មេសប្បក្ សា

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miliar inflationary trend too much money around and too little available to spend it

The relatively massive influx of foreign investment also vital to economic redevelopment --- has only aggravated the inflationary spiral. Many joint venture enterprises have had to pay premium and often overinflated salacies, employee benefits, site rents and other costs to hungry local authorities - a problem which is only now being tackled to some extent with open-market employment policies in major centers like Shanghai and Beijing.

This free marker inflation is giving the government a major social headache. In the major urban centers — Beijing for example, where an "official" eight percent hike in retail prices meant a drop in real income for nearly half the population last year - inflation is being cited as a prime cause of public discontent, and a dangerous one at that. With supreme irony, it is also blocking a crucial price adjustment program which will, in effect, bring even more inflationary pressure to bear on the con-

During the three decades of revolutionary rule, prices of many essentials and a range of



Open market employment policies are being introduced in major centers like Beijing.

basic consumer goods were under strict government control in what would have contimed to be a classic system of socialist cost-of-living subsidization, had the whole system not swung onto the capitalist course. What has happened since then is that prices for many commodities have been completely out of tune with actual productions costs, and this has caused actual econom-

Take the case of the sugar industry: it's been reported that because the retail price of sugar hasn't changed for the past 20 years, more than 40

ic damage.

percent of China's sugar mills have gone deeply into the red or closed down altogether, their production costs zooming way above their incomes. The same prospect threatens the crucial energy and steel industries. Western bankers, particularly, have warned that controlled seed and coal prices are so unrealistically low that it is impossible for these industries to become profitable.

Aware itself of the perils, the government published an economic masterplan in 1986 earmarking price reform lifting controls and allowing prices to be dictated by market

forces — as one of its priorities over the next five years. The intention is still there, and is being promoted as a move essential to the development of the economy, but the Pock prices have been inplan itself has fallen foul of

rampant free-market inflation. With prices rising all over the place, and with millions of people angry about it, this is no time to add to the inflationary spiral. In fact, the opposite has

happened — controls have been stiffened on the rapidly rising prices of some essential consumer and industrial goods and such basic commodities as

mear, poultry, eggs and foodgrain for the pork industry. And another bitter implication of capitalism has become all too dear.

flaring because of a pork shortage, caused in turn by price controls and rising feed costs which have made pork production uneconomic. In order to offset public unrest, the controls will remain in place, at least for the time being. And for the pock industry, as indeed for almost every other major industry struggling to come to terms with the new capitalist way in China, this means that production will continue to lag behind demand, continuing to create the inflationary state of affairs that price subsidies are supposed to hold down.

Inflation is seen as a conse-

quence of capitalism that China will have to live with until the essential antidote is arrived at - a level of economic production that exceeds or at least satisfies consumer demand. But radically increased productivity is what the modemization program is all about, and by China's own reckoning it will be at least the year 2000 before it can regard itself as anything approaching a modern society. And this confronts the economic helmsmen in Beijing with another inflation-based dilemma

A prime example of the productivity problem is refrigerator production in Shanghai. Last year, the demand for refrigerators topped 470,000, but the local industry could supply only one-seventh of that because of a shortage of imported key components. These parts were scarce because imports had been reduced. Why? Because of sharply rising prices. Infla-

This vicious circle encompasses each move in the productivity campaign. Much of the increased foreign investment and technology transfer, vital to the campaign to upgrade plant, machinery and in-

dustrial infrastructure, comes with an inflationary price rag on it. Worker bonuses and incentives mean increased production costs, and have a distinctly disreputable stain on them anyway - they've been too liberally distributed and taken too much for granted in the past.

All this leaves Beijing's planners with little room for maneuver in their barde to boost output, satisfy a domestic demand that is becoming increasingly hungry for consumer goods and at the same time make sure that the inflationary consequences do not violently rock the social and political boat.

It's not the specter of an inflation rate sparking off serious social unrest that worries the government — by all accounts, it's felt that after the tumult and hardships of the Cultural Revolution the vast majority of Chinese have had enough of rage in the streets. What is far more worrying is the effect that continuing or soaring inflation will have on the delicate political balance of conservatives and progressives that has allowed the entire modernization and "open door" program to go shead. If inflation gets out of control it will strengthen, and to some extent vindicate, the hidebound revolutionaries in the political structure whose view of China's brave new economic course is that it will end in tragedy, not triumph.

- Derek Maitland

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AS CHINA OPENS HER DOORS TO THE WORLD, THE SHANGHAI HILTON INTERNATIONAL OPENS ITS DOORS TO YOU.

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SHANGHAI HITON INTERNATIONAL

LIAONING PROVINCE

— that gave the province the

opportunity and the impetus

to join the international trad-

This, in turn, necessitated

the development of an entirely

new export infrastructure.

Since then, the number of

workers in the export trade

has risen to 15,000; transport

facilities have expanded to in-

dude 1,100 trucks; and 2 mil-

lion square meters of ware-

house space, as well as a

provincial trade school, have

At the same time, modern

marketing methods have been

implemented. These include

trade missions and shows in

East Germany, Tokyo, Oman,

Kuwait and the United Arab

Emirates, as well as a Liaoning

Product Exhibition in Illinois

been constructed.

Provincial Economy Mounts Export Drive

ing community.

WENTY years ago, the economy in Lizoning was not only the strongest in the northeast; ir was one of the strongest provincial economies in all of China.

With less than 4 percent of the nation's population, and covering only 2 percent of its area, Liaoning accounted for about one-eighth of China's overall industrial production and produced 40 percent of its steel. Underlying these achievements were Liaoning's capitalization - very high by Chinese standards - and the province's wealth of readily

accessible and relatively unexploited resources.

Alongside an established infrastructure - which includes China's largest deepwater port and over 2,000 kilometers of double-track railroad — the province currently boasts the world's largest chrome products factory and is the world's leading producer of molybdenum and magnesite.

Yet Liaoning's products were, until 1985, largely destined for the domestic market. It was China's open trade policy - followed by central government export incentives

— the province's sister state. Such moves have been accompanied by the introduction of new policies to liberalize export credential's criteria, and led to a seven-fold increase in the number of companies authorized to export. Packaging, warehousing,

transportation and foreign trade base services have all witnessed rapid growth.

Exports have burgeoned. Currently valued at \$5.04 billion, they reach 10,000 firms worldwide

Textile Turnaround

One of the industries that has benefited the most from this explosive growth is textiles. The China National Textiles Import and Export Corporation evolved from the pre-war silk trade. Basic raw materials such as wool and cotton were originally brought to the silk spinners of Lizoning for processing into threads and fabrics, but soon American plastics and Japanese polyesters were garnering great shares of even the local market.

China began exporting thread and textiles in the early 1960s. But as production increased in Japan and South Korez, the industry recognized the need to modernize. New equipment was bought from Italy and Japan; polyester threads were found from

local sources and from abroad when domestic demand proved too competitive. Wools were purchased from Australia and New Zealand and plastic peliers from the United States.

Today the Liaoning Branch exports over \$210 million worth of textiles to markets such as Europe, the U.S., Canada, Japan, Hong Kong, Australia and the Eastern bloc. Lizoning also ships yarns to Hong Kong, Macao and Japan; fabrics to Japan, America and Australia; wool to Eastern Europe and Hong Kong; and knitted fabrics to Japan, Italy, Hong Kong, Australia and Singapore.

The huge 30 percent jump in exports of metal products contributed greatly to the record \$110 million in exports achieved by the Lizoning Branch of the China National Metals and Minerals Import and Export Corporation in 1987. But, although the province has long been famous for its mining and metals exports, it still holds great potential for



further export production.

Japanese rechnology and management provided the area with its first industrial platform as a basis for China's heavy industrial production. The Lizoning Branch was established in 1954 with the export of coal, coal byproducts and non-ferrous metals. But following further discoveries of mineral products and a concurrent need to diversify, the corporation developed new categories of export products.

The magazine Industrial Minerals has since renamed Liaoning "the Magnesite Giant," for over 60 percent of China's magnesite export now comes from the province. Over 350,000 metric tons of this important fertilizer were shipped last year.

The world's cosmetics, texriles, paper, soaps and ceramics industries also imported 350,000 metric tons of ralc from Lizoning.

Other important non-ferrous metal exports include chrome products and titanium. With the world's largest chrome products factory, as well as other important factories in all major cities in the province, the corporation can afford to be highly competi-Dive.

COF

China National Cereal, Oils & Foodstuffs Import and Export Corporation has seen some of China's fastest development of new products. From a tradition of exporting basic food products such as fresh and dehydrated fruits and vegetables, muts and bulk seafoods and meats, the corporation has survived a revolution in systems and techniques including quick-frozen products, polypropylene bag and glass packaging, fish farming, mineral enriched foods, not to mention new management and

Although it contributes still only a small proportion to total food export production, even such new businesses as supplied material processing are not too revolutionary. Under a different "imported materials" trade caregory, abalone from Canada and Australia is purchased, canned and exported to markets in Japan.

marketing systems.

Today, with some 1.5 million becares of fish farming, total exports reaching an annual \$100 million, sales representatives in Hong Kong, Japan, Canada, the U.S., Europe and the East Block nations and, most important, a new competitive, even capitalistic, determination in its produc-

tion and export marketing Lizoning is building a new worldwide reputation, The Future

According to Mr. Shu Qing Zhang, vice director of the Foreign Trade Bureau of Lizoning Province, there is virtually no limit to the resources and the labor that can be dezwa on to meet future de-

The Trade Bureau plans to increase the number of export companies, but all candidates must produce a genuine track record of quality and price professionalism in their export trade. They are further expected to reach an annual turnover of \$5 million within three years of authorization.

The Trade Bureau is also placing a high priority on the development of both laborand expertise-intensive industries. Labor-intensive industries such as garments and shoe making will receive govemment marketing assistance as well as financial and procedural incentives including subsidies, export duty waivers and preferential treatment with regard to water and energy supply, foreign exchange transactions, loans and interest rates and access to raw materi-

- Richard Blair



Patterns of Trade

HE emphasis on flexible trade — the processing of imported raw materials — is in the forefront of the changes to China's trade patterns. One of the clearest examples of this trend is the export garments industry, a spin-off from the traditional textiles industry. Mr. Liu Ji Mou, managing director of the China National Textiles Import & Export Corporation, Liaoning Garments Branch, points out that Dalian city is an old hand in the rag trade.

Known as the "Garment City of China," Dalian and its environs have more than 10,000 workers involved in the export garments trade and, together with the province, ships \$100 million worth of men's, ladies' and children's cotton, wool and blended goods to markets in Japan, America and Europe.

The Liaoning Garments Branch of the National Textiles Import & Export Corporation involves somes 150 factories in its exports trade. It has been manufacturing gar-

ments since 1960, and until March 1987 was an arm of the Lisoning Textiles Branch. In the preceding years it developed so many new products and markets that its eventual independence was inevitable. Now, with a complete range of fabrics, its own creative team and overseas offices in Japan, the U.S. and Europe, the Garments Branch produces high quality finished garments from ladies' ensembles to blazers and goose down

-R.B.



Liaoning Foreign Trade Corporation is a nationalized corporation. It therefore has

the permission and back-up of the govemment to carry out business transactions and honour contracts. We strongly emphasise our business eth-

ics, and give top priorities to client service and quality control of all the products which we handle. Our business scope includes:



Export: we can work independently, cooperate or as an agent for businesses including: technology transfer, chemical & pharmaceutical products, native produce, light industrial products, textiles, and the marketing of new products. import: we can work as an agent or deal

directly in the Importation of machinery equipment meters, chemical & pharmaceutical products, hardware & steel, textile raw materials and other products. In addition, our flexibility allows us to set up joint-ventures, compensation trade, processing with supplied materials & trade and even advertising and promotion. For further information, please contact us directly.

Import dept.: 331130 | Export dept.: 336133 Barter trade dept.: 336995, 338243 Economic development dept.: 332157 Overseas business dept.: 337008 Transportation & shipping dept.: 336187 Dalian Technology & Economic Development Zone: 713937 Liaoning foreign Trade Advt. Corp.: 332342 Trucking dept.: 239557

Shenzhun Liaoning Foreign Trade Corp.: (Shenzhun 24933 x 2519) Address: NO. 2 Hongyan St. Dalian, China Telesc 86266 LFTID CN 86373 LFTC CN



OUT corporation is one of the major imp/exp corporations in Liaoning province. Over the years, we've established business relationships the world over.

Our main export products include: Black melon seeds Pumpkin seeds "Hsiang Yang" brand black melon seeds, roasted with spices "Hsiang yang" brand pumpkin seeds, masted & salted

 Finenut kernels Pearl barley in shell Shelled pumpkin seeds Shelled black malon seeds Bitter apricot kernels Wild walnut meats · Various kinds of fruits, preserved

apricot and preserved apple Salted, cultivated vegetables & wild vegetables Dried vegetables "Golden Pine" brand canned nameko

· Air-dried mushrooms & salted mush- Bee honey Bee's pollen · Bee's WEX

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 Jute bags Jute yarn Polysacks Gelatine, bone incense Soices & essential oil, aromatic chemicals Bird feeding Flooring block

. "Golden pine" brand candle

 Charcoal Disinfected choosticks Wooden toothpick Birch wood ice cream sticks Coffee stirrer Wood inlaid picture and Liaoning rotted landscape

For catalogues and further information, please contact us directly. China National Native Produce and Animal By-products Import and Export Corporation. Liaoning Native Produce Branch Address: 139 Stalin Road, Dalian, China Telex : 86155 PRO CN Cable: PRODAIREN DALIAN

Steed Bicycles — Speedy and Sturdy like a Stallion.



Our corporation can supply BMX and ATB series bicycles with the latest design.

For a reasonable price, we can manufacture bicycles according to supplied specifications and brand names. We can also assemble bicycles with parts and materials supplied by buyers. For a speedy reply, please write to us directly.

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China National Electronics Import & Export Corporation (CEIEC) Liaoning Branch is a foreign trade entity which integrates industry and technology with trade. It is responsible for the import and export of electronic products and equipment in Liaoning, cooperative labour service, joint production and joint ven-

CEIEC Liaoning Branch is situated in the heart of Dallan, which has easy access to sea, land and air transportation and communication facilities. CEIEC Liaoning Branch also has an office in Shenyang, the capital of Liaoning Province, which is responsible for technical exchange with foreign companies and import/export business.

Products available for export from

CEIEC are as follows: Communication equipment Computers Broadcasting and TV equipment and household electronics, and Special-purpose materials for electronics. Strictly adhering to the principle of

honouring contracts and maintaining a high level of business ethic. better choice of business partners in China. Contact us, and see how we can

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help each other.



Situated in the southern tip of the northeastern part of China, Liaoning province composes a vast area with rich resources, spectacular scenery and convenient transportation.

All these God-sent natural conditions provide an ample supply of high-quality cattle, meat, fresh fruit, fruit products, dehydrated vegetables, satted vegetables.

With a coastline stretching more than 2,100 miles, there's a continuous supply of fresh and delicious prawns, peeled prawns, prawn balls, a great variety of fishes and shells. A solid industrial foundation in Liaoning ensures the

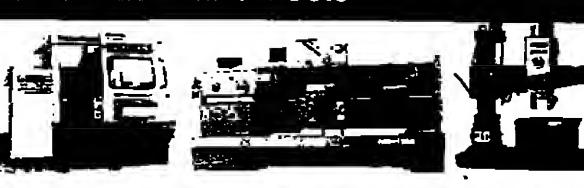
production of various kinds of canned goods, sugar and

confectionery, alcoholic drinks, beverages, seasoning and other products. Enquiries from business representatives from the world over are most welcome.

China National Cereals, Oils and Foodstuffs Imp./ Exp. Corporation, Liaoning Foodstuffs Branch. 145 Stelin Rd., Dalian, China. Tel: 236132 233244 Cable: TALOILFOOD DALIAN The 88216 DACOF CN

Precise Machine Tools From Liaoning, China.





Over the past 60 years, Liaming has been one of the most important beaut indestrial areas in China. Now it has more than 40 factories specialised in the production of machine tools, with an annual production of 180,000 units. Right now, Liauring has 4 state-level laboratories working intensively on hole traditional and animontion latins, drilling & buring machines, and combined machine

Our exporation can manufacture machine tools measured both in inches or

Traditional lattic: diameter of gyration 9 300 - 1,125 mm process length 750 - 15,000 mm Vertical latter diameter of grating 9 300 - 2.250 mm Radial delline macines, deller baie 9 25 - 125 mm 1262 1661 FG leets 1,000 - 4,000 mm Name and the distance of solution of \$5 - 130 mm Slotting exaction: slot length: 200 - 1,000 mm All-purpose and mixing machine working area 300 x 8 mm Forging pross againment: can take pross machine from 3.15 - 100 tens and rub press machine from 03 - 1,000 tops

in midding, we also hands grining machines, relieving lathes, continued machine tools, nigital controlled fathes, wire rolling machines, wood tool machines and other accompanying spare parts.

For further denote, please contact Mr. Bu Ziti Xne at:

China National Machinery & Equipment Imp/Exp Corp., Lieoning Branch 42 Kunming St., Delien, Chine, Telex: 86225 CMEDS CN Cable : "SOURMPEX" DALIAN Fex : 411-239916 DALIAN

China National Chemicals Import & Export Corporation, Liaoning Branch is engaged in both import of petroleum, chemicals and pharmaceuticals for the three provinces in Northeest Chine. and East Inner-Mongolia. And one of our main products is white of (See below for specifications). Our corporation has trade relations and economic cooper-

ation with trade partners in more than 100 countries and regions. Its annual export volume has reached 4 billion U.S. dollars.

Highly efficient management and flexibility are the two main reasons for our corporation's success. Right now, our corporation has succeeded in setting up joint venture enterprises and also has established representative offices in U.S.A., West Germany and Hong Kong to improve our service.

WHITE OIL (White mineral oil; paraffin oil) Viscosity Grade B (Engler) 50°C 1.78 min 1.45 min Acid value 0.05 max 0.05 max (mgkOH/g) Flash point 145 min (open cup) **Pour Point** below 1°C below O°C Water-soluble acid and alkali

CHINA NATIONAL CHEMICALS IMP. & EXP. CORP., LIAONING BRANCH 139, Stalin Road, Dalian, China Cable: SINOCHEMIR DALIAN Telesc 86152 CHEMD CN Person to contact: Han Feng

We're Catching Up

Long gone are those blue, grey and black Mao jackets. A major fashion revolution is going on in China, and Liaoning Textiles import and Export Corporation is one of the major forces behind this revolution.

In recent years, as a result of the continuous development of textile industry, "Snowliake" woollen piece goods handled by Liaoning Branch have improved both in quality and quantity.

The woolen cloth exported by Lioning Textiles covers a great range, they include pure gabardine, worsted flannel, tweed, army coating, student uniform coating with wollen/viscose blended fabrics, woollen-/polyester blended tweed, woollen/polyester blended fabrics, polyester/viscose blended fabrics, polyester/ viscose gabardine, etc. They are excellent workmanship and come in eye-catching colors.

On time delivery is highly emphasized and the price is very reasonable. We are looking forward to receiving your enquiries. Please contact us directly.





China National Textiles Import & Export Corp. Linosing Branch Address: 3, Yimin Street, Zhongshan District,

Dalian China Cable : CHINATEX DALIAN Telex : 86154 LDTEX CN



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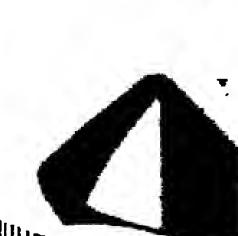
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Chemical Clean-up

HINA'S chemical in--dustries are currently the target of a govconment clean-up campaign. And one of the most affected enterprises is the giant Sinochem. Founded some 38 years ago, Sinochem grew up in the industrial decades when China and the rest of the world were less concerned with ecology and more intent on building a solid manufacturing base. Sinochem succeeded. The

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company developed a complete range of products including petroleum and its by-prodners, organic chemical raw materials; inorganic chemical raw materials, chemical fertilizer, pesticide solvents, tire and liquid chemical products. By the early 1960s it was trading with over 140 countries and its annual exports amounted to \$4 billion. Lisoning's petro-chemicals industry ranks number one in China

With the new open door policy, business became even more active and average annual production increases reached 13 percent. But the company and the government also recognized that damage

Lisoning exports a growing

through the Lizoning branch

cines and Health Products Im-

was being done to the environment and health of the province's chemical workers. Extensive research was begun to develop cleaner export products and assist international efforts to clean up the

production and processing of essential chemicals. For example, the Lizoning branch of Sinochem is investigating ways to reduce the lead content of "Accelerator D," 2 chemical used in the processing of rubber.

Other moves include the introduction of packaged dyes and a whole new range of products to meet the demand for safer dyes. Because of restrictions on the export of some pharmaceuticals, .Sinochem is greatly expanding its range of non-pollurant pharmaceuticals as well as developing entirely new down-line products such as rubber gloves for surgical use.

To market these new products overseas, the company's Liaoning beanch has offices in the U.S., West Germany, Thailand, Hong Kong and JaLiaoning's export garment trade is a spin-off of the traditional silk industry.

Technology Transfer

HE shift into products such as perroleum pipe fittings, rubber products, packaging and plastic extrusion has called for a wholesale purchase of foreign machinery and rechnology. Such a shift has made Liao-

ning and China a significant buyer as well as a seller of sophisticated, world-standard products.

Currently exporting to the tune of some \$25 million per year, the 3,000 enterprises that make up the Liaoning ma-

chinery and machine tools industry have developed a range of 150 product categories and over 500 specific items which are exported to 120 countries and regions overseas. These products and services range from sophisticated factory ma-

In response to market demand, products are now being packaged and marketed in comprehensive sets. Overseas marketing teams from the Lisoning Branch of the China National Machinery Import and Export Corporation are studying international standards and working closely with clients to produce customized exports. Work skills and designs are being upgraded to make Liaoning machinery and machine tools as competitive as those from the U.S.

This, in turn, has increased the demand for technology mansfer and imported raw material. Raw products from Japan, the U.S. and Iraly are high on the list of priority

and Japan.

chinery and agricultural machines, to hand tools, electronic implements and major international tenders.

The drive to expand international competitiveness and to put China on an equal basis with its world trading pareners has brought fundamental changes to this industry. Highly market-responsive and technology-sensitive, it has exrended its product base into new areas. One of the keys to this development has been the injection of rechnology at every step. Traditional products such as the simple bench vise, sold for decades, are being transformed into heavy-duty, multi-purpose rools for domestic and industrial use. When Lizoning does not have the technology, it goes our to buy it. An investigatory group to the United States recently purchased U.S. rooling equipment and patterns for the development of a new range of socker wrenches.

> We are a major exporter and importer of construction hardware, construction materials, nonmetallic minerals & products and non-ferrous metals & products. These products are all highly durable, skillfully manufactured from superior materials, and they are all reasonably priced. Over the years, we have, on the basis of equality and mutual benefit, established extensive trade relations with over 100 countries and regions world-We sincerely hope to further develop our busi-

ness ties with the world. Businessmen are welcome to come to Guangzhou to discuss business opportunities with us. Customers' special specifications and designs

can be met. On-time delivery is highly emphasized. For more product information and details of our competitive prices please contact:

China National Metals & Minerals Import & Export Corporation, Guangelong Branch. 774 Dongleng Road (East), Guangzhou, China Telex: 44377 WUJIN CN Cable: "MINMETALS" GUANGZHOU Fax: (86) 20-776437

-R.B.

Light industrial products marketing in the province. dates from 1954, when the Lizoning branch of the China National Light Industrial Arts & Crafts Corporation. Products Import and Export

Made in Liaoning

Corporation opened in Shenyang. The corporation cur-

rently exports goods ranging tionary are exported worldfrom steel utensils to construction materials. The traditional arts and

crafts of China are flourishing in Lizoning Province. Visitors can find a wide range of items created by provincial craftsmen in the showrooms and warehouses of the Liaoning Branch of the China National

Lizoning's superb seafoods, meat, vegetables and confecwide by the Liaoning branch of the China National Cereal Oils and Foodstuffs Corpora-

The long coastline, wooded mountains and fertile plains of Liaoning Province are ideal for livestock husbandry. One enterprising corporation has a flourishing trade in furs, leather, feathers; and other products. The Liaoning Animal By-Products Corporation manages its own farms as well

as dealing in the export market. Traditional products such as candles and woven mars are

exported from Dalian by the Lizoning Native Produce branch of the China National Native Produce and Animal By-Products Corporation

ery and equipment — from conditioners — are produced calculators, are exported. and exported by Lizoning's

over 100,000 personnel, plays a major role in the electronics

branch of the China National

Machinery & Equipment Im-

port and Export Corporation.

port & Export Corporation's

Lizoning branch, with 200

manufacturing operations and

The China Electronics Im-

All kinds of heavy machin-field. Most of the Corporation's products, which range mining and manufacturing from sophisticated electronic machinery to tools and air- measuring devices to pocket

Fashionable

The gar-

and women of all ages.

quality and comfortable to wear.

ments exported by Liaoning

are exquisitely



"Hsiang Yang Brand" Ginseng Royal Jelly

Gineeng Royal Jelly is an ideal natural nutritional tonic. It has won the prize of National Gold Medal for its high quality and has been chosen as the special nutritional tonic for the Sports Delegation of the People's

Republic of China in the Tenth Asian Games. The main materials of the product are carefully selected and prepared from fresh ginseng of over 6 yeers, grown in Northeast China, and from fresh giandular secretion of worker bees etc. The prescription and formula are well-chosen with special scientific production technology and up-to-date equipment.

Ginseng Royal Jelly has a tonic action on the nerves and brain and is good for kidney stones, stimulates the appetite and metabolism. improves memory and prevents aging and weariness. It is proven that Ginseng Royal Jelly also has an inhibitive action on the growth of human breast cancer.

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CHINA NATIONAL SILK IMP. & EXP. CORP. LIAONING BRANCH. NO. 68. XINGLIN ST. ZHONGSHAN DISTRICT, DALIAN, CHINA.

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Liaoning Craft Footwares— **Your Best Source for Shoes**



What makes craft shoes handled by Liaoning Arts & Crafts I/E Co. different from the rest? FASHION! Craft shoes exported from Liaoning come in a wide range. Lisoning embroidery slippers are versatile and available in all sorts of colors. The manufacturers have been working hard to improve

traditional tolk art techniques. Defi design and strict quality control are a quarantee - that's why we enjoy a high reputation amongst our oversees buyers. We are the major exporter of all kinds of canvas shoes, rubber shoes, P U shoes, sports shoes and many others which are made from cotton, corduray, crylic towel, synthetic leather, genuine leather, P.V.C. foemed plastic, foemed rubber and E.V.A. of top quality. All of them are lovely to look at and continuable to weer.

In recent years we have introduced new and exciting animal

workmanship through constant perfection of their skill by inheriting the

shoes, locier shoes, moccash shoes, and deck shoes to our products. Material is lucuriant and packing excellent. Our products have reached international standards. Our craft footwear market spreads from Hong Kong and Japan to America and Europe. Our shoes have created a tashion sensation

wherever they have been sold. We invite you to submit your own designs and specifications. Orders are cordially welcome.



CHINA NATIONAL ARTS & CRAFTS IMP. & EXP. CORP., LIAONING BRANCH Address: 2, Hong Yan Street, Dalian, China, Tet 334473 Cable: ARTS DALIAN The 86224 DAC ON Fax: 334293



made from selected fine cotton, wool, linen, chemical fibre and their blended fabrics. They come in a wide variety of styles for all seasons and for men

Recently, it has imported advanced equipment

and technology from abroad, which allow its export

items to keep abreast with the ever changing fash-

ion trends in the world market. Garments from

Liaoning come in a wide range of styles, are fash-

ionable in design, superb in workmanship, fine in

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Garments Branch

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Address : 6 Wu-Wu Road, Dallan,

Chinese hempseed is the best feedstuff for birds. It's nutritious, with full grains.

Specification: Admixture (max.) 3% : In gunny bags of about Packing 70kgs. net each

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Precision. Handworking.



Eagle Brand iron hammer and different kinds of Golden Bird Brand hand tools. They include:

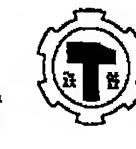
•Various kinds of bench vices Table vices Hand pliers •Hand hammer • Spanners • Measuring tools •Screw drivers •Cutting tools •Grinding tools and other tools.

Precisely machined, strictly tested and appraised, the quality of our tools are well guaranteed. We accept processing according to customers' drawings, specified name brands and designs. With a favourable price punctual delivery. we've already won business partners all over the world, why not you?





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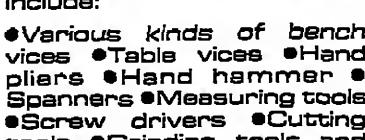


ich für resources and continuously evolving technology enable our factories in Liaoning to manufacture excellent fur hats and caps for export. Made from genuine fur and leather, they are exquishely crafted, fashionable, light and soft. Available in a variety of styles, "Peacock Feather" brand fur hats and caps are warmly welcomed by consumers around the world.

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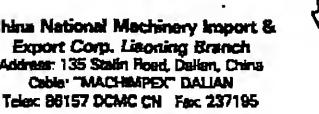
Liaoning Hand Tools. Our corporation handles











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EUROBONDS

The Dollar's Rebound s Bringing Little Cheer

By CARL GEWIRTZ

International Herald Tribune

ARIS—The dollar hit a seven-month high last week. But instead of spreading cheer that the long decline from the 1985 peaks may finally have run its course, foreign officials grumbled, bond markets tumbled and analysts arned that it was all a jumble—that by year's end, the dollar bould again be under attack.

The grambling was provoked by fears of inflation. As the collar rises, so does the cost of imported raw materials in West remany and Japan. Most of these are priced dollars and most, acept for oil, have been inreasing sharply.

To put a number on it, conomists at the Organizaon for Economic Cooperaon and Development estithat a 15 percent poreciation of the dollar ready up 11 percent from its

West Germany and Japan start to worry about imported inflation.

1988 low at 1.75 Deutsche warks - would raise consumer prices in Germany 0.4 percent in he first year and 0.8 percent by the second year. That's substanal, given that the year-to-year price rise in May was only 1.1

Add to the translation effects from dollars into marks (or yen) te fact that the cost of goods is also rising in dollar terms and the inspect of imported inflation appears great. On top of that is the enstant worry of faster domestic inflation, the result of aboveerget growth in the money supply during the past two years. One response to both problems is for central banks to sell 'attars, which caps the dollar's tendency to rise and also reduces be volume of local currency in circulation. There's another inefit: Dollar sales create room for the central banks to resume stervention to support the dollar when it comes under attack. Analysts expect the West German central bank could really art to unload dollars if the rate climbed past 1.76 DM. So far, eles have been modest, estimated at about \$6 billion in recent . eeks. But they have not stopped the appreciation of the dollar, hich has gained some 3 percent since the last week of May, ying credence to reports that the Bundesbank will shortly raise oney-market rates by a quarter-point.

VEN long-time critics of West Germany's timid growth policy are urging a rise in interest rates. Rimmer de Vries, Morgan Guaranty's economist, said last week that this was the ideal moment for the Bundesbank to raise money-market ites. He said that the aim should be to drive the dollar down to • 55 DM, a 13 percent appreciation for the mark.

Mr. de Vries said that earlier concerns about slow West erman growth have been superseded by faster-than-expected pwth in the seven major industrialized countries, now running about 4 percent, he estimated. This is sufficiently robust not to Ph Writed to worry about any slowing in West Germany resulting from modest increase in short-term interest rates.

... The Japanese last week did some snugging up of rates and that, compled with the expected West German move, sent bond prices all markets skidding, as investors assumed the United States , ould be obliged to follow.

The Japanese have been more successful than the West Gerians in holding their currency in a narrow range, about 121-131 an to the dollar.

The Bank of Japan is reported also to have been lightening up "-n its dollar holdings, but in a less obvious way than the undesbank. The Bank of Japan reportedly lends dollars to m comestic financial institutions, which then sell the dollars for En. But intil the central bank is repaid in yen, the dollars appear

At the same time, Japanese manufacturers remain big earners ad sellers of dollars - an element missing in West Germany eping a tighter lid on the exchange rate.

But the dollar's current strength is not regarded as sustainable. rendan Brown, County NatWest economist, said the strength es "an exaggerated response" to the robust U.S. economic owth; the recent modest rise in short-term interest rates; and - Le decline in the U.S. trade deficit for April to \$9.9 billion, the west in 40 months.

Mr. Brown said he doubted the dollar's improvement could be aintained. He sees "no further improvement" in narrowing the ade deficit in coming months, as the high level of U.S. economic itivity will sustain demand for imports.

Mr. de Vries estimates U.S. economic growth at a 3.5 percent mual rate in the current quarter and likely to hold that in the , ind quarter, little changed from the 3.9 percent registered in the 'st quarter. With U.S. industry working so close to capacity and near to full employment, he sees foreign manufacturers able to ise U.S. sales prices without fear of losing additional business

See EUROBONDS, Page 13

Currency Rates

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1,7412 195: Indouez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale 1975 (Paris): Bank of Yokya (Tokya); IMF (SDR); BAII (dinor, riyal, dirtiam); Gasbank a). Other data from Reuters and AP.

All figures are as of clase of trading Friday

ek L	dexes			Money Rates		
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, ¬, · ———	1,428.20	1,417.70	+074 %	Bonk bose rate Call money	794 794	87/2 B B 9/14
Seng	2718.02	249/2	+2.67 %	3-month interbank Gold June) 17 June 10	

Beef Pact Could Be In Sight

U.S.-Japan Talks Make Progress

Compiled by Our Staff From Dispatches TOKYO — Japanese and U.S. negotiators are likely to resolve a long-standing dispute over beef and citrus imports to Japan on Monday, Japanese officials said

The officials said on Japanese television that the U.S. trade representative, Clayton K. Yeutter, and shi Sato, would have a third and final meeting on liberalizing trade in the commodities on Monday

The second of two meetings be-tween Mr. Yentter and Mr. Sato on Sunday produced an understanding on Japan's provisions for emergency beef-import curbs, a Japanese Agriculture Ministry official

said on Nippon TV. These provisions had been the major obstacle to an agreement. With that matter resolved, the two sides accepted an outline expected to be fleshed out and signed Monday, the officials said.

Reports on NTV and on the govemment's television station and by Japan's Kyodo news service all quoted only Japanese sources as saying an early agreement was ex-

After the first meeting, Mr. Yeutter had described the negotiations as not very productive, saying that "several obstacles" remained in the way of an agreement.

Sources in Tokyo said the United States had proposed earlier that Japan liberalize U.S. beef imports in three years, with the United States allowing Japan to impose emergency controls for two years after liberalization. Japan argued that the time limit would pose a threat to its farmers and insisted that emergency curbs be perma-

Under the fiscal 1987 quota accord, which expired on March 31, Japan imported 214,000 tons of beef, 126,000 tons of fresh oranges and 8,500 tons of orange juice from the United States.

Washington has been demanding full liberalization of Japanese beef and orange imports. (Revters, AFP)

By John Meehan

International Herald Tribune

lecturing the U.S. government

about the evils of deficit spending,

experts are now casting a wary eye

on state and local governments.

where a pattern of rising spending

and slowing revenue is threatening

to undo a reputation of financial

There is no suggestion that the

problem is as severe as the fiscal

crisis that befell cities in the mid-

1970s. Officials still have dark

memories of the years when thou-

sands of municipal workers were

laid off amid high inflation and

weak economic growth. Solutions

often were complicated by mis-

management, as in New York City.

To varying degrees, however,

state legislatures, city councils and

school boards are now finding it

NEW YORK - After years of



A Modest Recovery Begins in Texas Improvement Omits Banking and Real Estate Sectors

By Thomas C. Hayes

New York Times Service In the shadow of the spectacular boom-and-bust cycles of its oil and real estate markets. Texas is beginning a modest but unmistakable economic recovery, analysts said.

Although its financial institutions and commercial real estate sector continue to face turmoil. other areas are fashioning a recovery from the worst economic slump in the state since the De-

The turnsround has been fashioned out of steady oil prices, a shift to electronics and hightechnology manufacturing, small-business growth, a healthy farm and ranch sector, a growing population and the improved outlook for U.S. exports because of the weak dollar.

"We are seeing slow, steady improvement that is sustainable and also laying the base for a much broader economic rebound." said Bernard L. Weinstein, director of the Center for Enterprising at Southern Methodist University in Dallas.

To be sure. Texas must overcome the calamity in its financial institutions, which had losses of \$20 billion in capital in the past three years, mainly because of major errors in oil and real estate

A deepening crisis in real estate threatens to plunge the state back into recession if there is no reduction in the \$15 billion in foreclosed property held by banks and savings institutions in the state.

Yet, by most accounts, the state's economy has been on an upward swing for several months. M. Ray Perryman, head of the Baylor Forecasting Service at Baylor University in Waco, said he believed the overall economy was enjoying a "significant" recovery, although the financial and real estate troubles are hardly over.

Mr. Perryman warned that the improvement

Local Governments: Fiscal Instability Beyond Washington

ernments raise taxes and reduce strong. If these governments are ment.

expenditures. Although this is a already living hand to mouth, it

remedy often prescribed for Wash- doesn't augur well for the future."

ington, the state and local adminis- Few foreign observers of the

trations must act in most cases be- U.S. economy pay much attention

No other nation has as many governing

authority as the United States.

bodies with as much taxing and spending

cause they are required by their to fiscal matters beyond the city

own laws to have balanced budgets. limits of Washington. The local

actions that add up to a significant majority of basic services to main-

economist with Data Resources In- considerable autonomy when it

ternational in Lexington, Massa- comes to fiscal matters. No other

Robert Reischauer, an expert on ies with as much taxing and spend-

matters at the Brookings Institu- Just as states' rights are passionate-

cut in spending, as well as tax in- tain the nation's infrastructure.

"They're taking a lot of small governments, however, provide the

could be reversed by a drop in oil prices, a sudden rise in the dollar or a national recession. But he said he expected the Texas unemployment rate, 7.3 percent at the end of May, to fall to about 6.5 percent by the end of 1990, while the national rate

rises. The national rate was 5.6 percent in May. Texas gained 65,400 jobs in the 12 months ending in April, according to the federal Bureau of Labor Statistics, and rising personal income is a promising economic trend. The income rise has trailed the national average since 1982 but almost drew even in late 1987, the Commerce Department

Many economists said the broadening of the Texas economy means it will more closely track that of the entire United States.

"Ten years from now, the Texas economy will look very much like the national economy," said James L. Cochrane, chief economist at Texas Commerce Bank in Houston. "It will never be average because of some special characteristics. But a diversifying trend has been under way for 10 years, and it will continue."

There are signs of health. The Dallas-Fort Worth area ranks third, after New York and Chicago, in a national listing of corporate headquarters. Texas is third, after California and New York, in the number of scientists and engineers. By 1990, it is expected to pass New York to trail only California in population. David L. Birch, a specialist in small-business

development at the Massachusetts Institute of Technology, said five Texas cities rank among the top 25 in the nation for newly created businesses. "These cities responded to adversity with new starts and new attempts to be entrepreneurial," he For the first time since oil prices collapsed in

... See TEXAS, Page 15

tional product.

fiscal prudence.

the concept of home rule is en- last year the combined operating

Until recently, few analysts were

worried. After massive assistance

from Washington bailed out many

of the nation's cities in the 1970s.

state and local officials worked

hard to regain financial stability,

and succeeded in most cases.

thanks to a sustained U.S. econom-

ic recovery. Indeed, critics of

Washington's expanding deficit of-

However, in February, the Com-

merce Department reported that

ten cited the states as models of phunge.

Fed Study Finds U.S. Goods More Competitive

United Press International NEW YORK — Several factors have combined to increase the competitiveness of products made in the United States, and surther improvements are likely, the Federal Reserve Bank of New York said. The New York Fed cited a weak dollar, wage restraint, and improved productivity and quality for the increasing competitiveness of U.S. goods. Its findings were contained in a report for release Mon-

seen at least through the end of the tent, work reorganization." decade, the report said.

years," according to the report. of sharp dollar depreciation, wage tional lag between expenditure on restraint and strong improvements research and development and the in U.S. productivity and quality initial returns on that expenditure performances," it said.

"Over time, these positive trends should lead to greater U.S. competitiveness, with a concomitant decline in the U.S. foreign trade desicit and improved job opportunities U.K. Output and compensation for manufacturing employees," the study said.

an analysis of 11 "broadly defined industry groupings" in the 1980s. More Slowly steel, electronic parts, pharmaceuticals, construction equipment, consumer electronics, machine general aviation aircraft.

The report estimated that "the ing to a report issued Monday. after they have been shipped from Trends survey. factories.

five of the industry groups.

of the appraisal period," the report

particular, "the U.S. automobile corded in May.

ments, excluding pension funds,

cause of federal tax reform that

eliminated the lower rate on capital

from the sale of securities and real

estate holdings fell far below esti-

mates, and the effects were com-

pounded by the October market

In the case of New York, the

deficit became apparent to auditors

just weeks after the legislature en-

acted a \$28.4 billion spending

package for the fiscal year that be-

gan April 1. Now officials are de-

bating which programs to cut to

make up for an estimated \$900 mil-

"There's no massive this or mas-

sive that, but there certainly is a

squeeze on spending," said Edward

See LOCAL, Page 14

lion shortfall.

tionally have accounted for 11 to 12 registered in previous years, includ-

percent of the nation's gross na- ing almost \$20 billion in 1984.

industry, a major producer facing quality problems, has launched a concerted drive to boost its quality reputation," the report said

In addition to quality improve-ment and the weaker dollar, the report attributed growing competi-tiveness of U.S.-made products to "restrained wage growth." This, it said, "has also been very important for improving the relative U.S. price position.

Other factors contributing to the better U.S. price and quality posi-The full impact of the depreciation were "investment levels, techtion of the dollar, however, will not nology efforts - spurred by rebe felt until the end of next year. search and development and continuing efforts to improve expenditures — industrial restrucproductivity and quality are fore- turing and, to a more limited ex-

The renewed U.S. research and "U.S. manufacturing has clearly development efforts suggest a conbecome more competitive in recent tinuing boost to competitiveness over the next several years," the "This achievement was the result report said, noting that the "gestais about two years."

ng employees," the study said. The conclusions were based on May Grow

LONDON — British manufactools, electric power generating turers expect output growth to equipment, textile machinery and slacken slightly over the next four months as demand slows, accord-

typical U.S. factory spends 20 to 25 Order books remained above percent of its operating budget normal but were less buoyant than finding and fixing defective prod- last month, the Confederation of ucts." This estimate does not in- British Industry, an employers clude the cost of repairing products group, said in its June Industrial

The number of manufacturers Quality problems were found in expecting to raise their prices was a little higher than in May, but weak-Two of these — steel and electer order books suggested competitronic parts — "had eliminated tive pressures would continue to their quality deficiencies by the end restrain price rises, the CBI added.

The report said 30 percent of companies surveyed expected their The three other sectors are work- output to rise over the next four ing to curb quality problems. In months, down from 34 percent re-

Export order books were weaker with only 2 percent of those surveyed reporting them above normal, half the amount in May. Only 21 percent of those surveyed expected their prices to rise in the sequences as states and local gov- still at a point where the economy is shrined at lower levels of govern- budget for state and local govern- next four months.

"Overall," said David Wiggles-Aside from 50 state govern- dropped into a deficit that was run- worth, head of the CBI's Economic ments, there are 83,166 local gov- ning at a \$15.8 billion annual rate Situation Committee, "this shows ernments in the United States, in the last quarter of 1987. Al- that order books are not quite as ranging from county and city ad- though experts continue to debate strong as in recent/months, and this ministrations to sewer and recre- the reasons for the sudden appear- could be an indication that the rate ational districts. They spent about ance of red ink, the \$7.7 billion of economic growth is starting to \$775 billion in fiscal 1987, accord- deficit for the entire year stood in moderate to more sustainable leving to Mr. Reischauer, and tradi- sharp contrast with the surpluses els."

He said it was important not to read too much into one month's Then a number of states, such as ligures, adding that the next survey New York, California and Massa- would give a clearer picture of how chusetts, reported revenue short- the economy was likely to develop ages for the current fiscal year be- in the second half of the year. The survey was carried out

among 1,357 firms accounting for gains. Consequently, tax receipts about half of Britain's manufactured exports, the CBI said.



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California Rules Against Batus Bid for Farmers

Los Angeles Tones Service

pected decision, the California insurance commissioner has disap- sioners where Farmers has subsidproved a \$4.35 billion hostile takeover bid by Batus Inc. for Farmers Group, the giant U.S. insurance holding company.

Gillespie, on Friday invoked the state code, which provides that companies selling insurance in California cannot be owned or con- takeover bid by contending that it outside the state. 1.2162 1.2178 1,4456 1,4406

tionalized industries, such entities own more than 10 percent of BAT Industries PLC, the London-based parent of Batus and the world's of Viceroy, Kooi and Raleigh cigalargest tobacco company. In Louisville, Kentucky, Batus

unconstitutional Reuters reported. sive lobbying by Farmers. Some If the same interpretation were applied to other publicly owned insurance companies in California, Batus argued, several hundred with even a single share in the companies would not be qualified hands of out-of-state government to write insurance in the state, among them Farmers Group, All-

Travelers.

For the takeover to be a success, LOS ANGELES - In an unex- Batus needs the approval of each of the nine state insurance commis- ny.

creases," said Sara Johnson, an

increasingly difficult to make ends state and local government fiscal ing authority as the United States.

Some economists are already tion in Washington, added: "The ly defended on the national level,

warning of possible economic con- most distressing thing is that we're

Only Arizona has approved, with other decisions pending in Oregon, Kansas, Ohio, Washington, Idaho. The commissioner, Roxani M. Texas and Illinois. Batus said it would continue seeking approval from the other states. Farmers has been fighting the

trolled by government entities from would pose a conflict of interest because the insurance company is a Including pension funds and na- pioneer in nonsmoker discounts. Batus owns the nation's third largest tobacco company, Brown & Williamson Tobacco Corp., makers

Ms. Gillespie stressed that the said it would appeal the ruling as move was not influenced by inteninsurance department staff members have read the California law as banning takeovers by companies

entities, she said. In a 1984 opinion, however, the state, Transamerica, Chubb, Cigna, department's general counsel de-CNA, Firemen's Fund, Geico and termined that a company that was 2 percent owned by out-of-state

BANQUE NATIONALE DE PARIS

Floating Rate Note Issue of U.S. \$225 million June 1981-96 The rate of interest applicable for the period beginning June

15th, 1988 and set by the reference agent is 75% annually.

government interests could take over a California insurance compa-political lobbyist hired by Farmers

Local governments also wield

nation has as many governing bod-

No single government entity owns more than 2 percent of BAT stock, according to a report from a department panel that held hearings into the matter in late May. The evidence, however, did not

establish whether pension plans and other governmental shareholders ever act in concert to control BAT business decisions, the commissioner said.

Joseph R. Cerrell, a Los Angeles in April, tooke credit for arranging denunciations of the takeover attempt by four state Assembly members, three state senators and the city councils of Los Angeles, Oxnard and West Hollywood.

The commissioner's decision was announced after the close of stock trading, and Farmers shares closed Friday at \$62, up 62.5 cents, in over-the-counter trading, after rising 87.5 cents Thursday.

INTERMARKET FUND Société Anonyme Siège social : Luxembourg, 2, boulevard Royal. R.C. Luxembourg B-8622

Messiepre les actionnaires sont priés d'assister à l'assemblée générale ordinaire qui se tiendra le 8 juillet 1988 à 12 henres en l'hôtel de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg, pour délibérer sur le suivant :

ORDRE DU JOUR

1. Rapports du Conseil d'Administration et du Commissaire aux

2. Approbation du bilan et du compte de pertes et profits au 31 mars 1988, affectation du résultat; 3. Décharge à donner aux Administrateurs et an Commissaire aux

4. Nominations statutaires. Aucun quotum n'est requis pour les points à l'ordre du jour de l'assemblée générale annuelle et les décisions seront prises à la majorité des actions présentes ou représentées à l'assemblée. Pour être admis à l'assemblée, les propriétaires d'actions au porteur

sont pries de déposer leurs actions einq jours france avant l'assemblée aux guichets de la Banque Internationale à Laxembourg, 2, houlevard Royal, Luxembourg ou anprès de la Banque Arabe et Internationale d'Investimement, 12, Place Vendôme, 75001 Paris. Le Conseil d'Administration

MONTEREY TRUST S.A.

Société anonyme d'investissement Registered office: Luxembourg, 14, Rue Aldringen Commercial register: Lexembourg Section B, No. 7553

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MONTEREY TRUST S.A., will be held at its registered office at Luxembourg, 14, Rue Aldringen, on June 28th, 1988, at 15:00 hours for the purpose of considering and voting upon the following matters: To hear and accept:

a) the management report of the directors b) the report of the statutory auditor.

2. To approve the statement of net assets and statement of operations for the year ended March 31st, 1988 and to allocate the net profit;

3. To discharge the directors and the auditor with respect to their performance of duties during the year ended 4. To elect the directors to serve until the next annual general

meeting of shareholders; 5. To elect the auditor to serve until the next annual general meeting of shareholders.

6. Any other business. The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

In order to take part at the statutory general meeting of June 28th, 1988 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, Rue Aldringen, Luxembourg, or with the following Bank: - BANQUE GÉNÉRALE DU LUXEMBOURG S.A.,

14, Rue Aldringen, Luxembourg.

The Board of Directors

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Page 12 **NASDAO** National Market OTC Consolidated trading for week ended friday. 100s High Low Close Chige A&W B¢ ABS ABQ ACC Cp ADC S AEL AEP AIM Tel

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LOATING RATE NOTES

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INTERNATIONAL HERALD TRIBUNE, MONDAY, JUNE 20, 1988

New International Bond Issues

Compiled by Bassam Aoun Coup. Amount Terms (millions) \$504.15. 2004 libor 100 Coupon will be 3-month Libor x 1.15. Average life 41/2 years. Fees 0,15%. Denominations \$100,000. 1993 1/16 100 - Over 6-month Libor, set monthly. Noncollable, Fees 0.35%.

ristol & West uilding Society Voolwich Equitoble £ 200 1993 Over 3-month Libor. Noncollable. Fees 0.35%, Denominguilding Society wedbank 1993 0.02 . 107% Over the Japanese long-term prime rate, semiannually. Redemption amount at moturity will be linked to the performance of the Nilderi 225 index. Noncallable, Fees 176%. Denominations 100 million yen. XED-COUPON

algium 98.83 Noncollable. Fees 2% Denominations \$100,000. 1989 P America Noncollable, Fees %%. Denominations \$1 million. compbell Soup 1991 814 101 Noncollable, Fees 136%. oca Cola Enterprises \$150 Noncollable, Fees 13/% 1998 lectriale de France 98.63 Noncolloble, Fees 2% ieneral Motors - Noncollable, Fees 11/7% cceptonce Corp. iortford Finance Noocalloble, Fees 1%% t'l finance 8% Noncollable. Fees 1%%. Denominations \$100,000. iandinaviska 97.63 Noncollable. Fees 11/%. skidda Banken

poété Nationale des \$150 1,998 91/2 1011/4 98.95 Noncollable. Fees 2% hemins de Fer 51/2 1001/4 .- Noncollobia. Fees 2%. 61/4 1001/4 99.00 Noncollable. Fees 206%. iditional Bank of DM 200 1994 FF 1,500 1995 8% 101% 99.63 Noncollable. Fees 1%% propean investment

78'l Finance Noncollable, Fees 196%. orporation 101% 99.93 Nancollable. Fees 196%. Derto Province 101.20 99.50 Nanosliable. Fee: 1%% merican Express **Werseas Credit** 1014 10114 98.13 Noncollable, Fees 176%. ieneral Motors elaba Luxembourg C\$ 60 10]1/2 100.05 Noncolloble, Fees 13/74. 9% 101¼ 99.63 Nancoliable, Fees 1%% : zskałanewan OVINCE

anque Internationale 101% 99.75 Nancollable. Fees 196%. Aust 50 1992 13 Luxembourg Aus 50 1991 131/4 · 1011/4 100,00 Nancallable, Fees 11/1/4. rédit Commercial de

lew Zealand April 200 1995 Yield 12,19%. Noncollable. Fees 2%%. Denominations Jesterreichische 1314 10114 99.25 Noncollable, Fees 19%. Acres 50 Noncollable. Redemption at maturity in Australian dollars 1993 7.65 100 Aust 50 and yer, with amount linked to foreign-exchange levels. Fees 2%, Denominations Aus\$100,000. Y 10.000 Yield 4.64%. Redeemable and callable at 91,33 in 1991. ergen Bonk Proceeds 8 billion yen, Fees 13/24, Denominations 10 million

Y 10,000 1994 ergen Sank Coupon will be 2% in first 2 years, 2½% in 1990, 3% in 1991, and 8.05% thereafter. Fees 17/%. Denominations 100 million ompagnie Bancaire Y 5,000 1993 Nancollable, Fees 13/56, Denouinations 10 million yen. 1993 Y 6,000 Coupon will be 2% until 1990 and 6%% thereofter. Noncollaompognie Bancaire ble. Fees 1%%, Denominations 100 million yea. 1993 .tate Bank of New Coupon will be 9% until 1990 and 546% thereafter. Noncolla--outh Wales wedbank 9 5.000 1993 212 101% Coupon will be 25% until 1990 and 6,40% thereafter. Noncollable, Face 1%%, Denominations 100 million yen.

CHANGE OF THE PARTY 99.00 Coupon indicated at 44/%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 21/1% premium. Fees 21/1%. Terms to be set June 22. 102.50 Coupan indicated at 31/7%. Noncallable. Each \$5,000 note with one womant exercisable into company's shares at an in Photo Film expected 29/% premium. Fees 29/%. Terms to be set June 21. codyear Tire & 98.00 Callable at 103 in 1991. Convertible at \$80% per share, a 20% premium. Fees 292%.

apon Synthetic 103.00 Nancollable. Each \$5,000 note with one warrant exercisable into company's shores at 1,107 year per share and at 127.00 yen per dollar, Fees 21/4%. **Securities** 102.00 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 2,717 year per share and at 127.20 yen per dollar, Fees 297%. 100.00 Coupon indicated at 4½%. Noncaliable. Each \$5,000 note with one warrant exercisable into company's shares at an amagai Gumi

expected 25% premium. Fees 25%. Terms to be set June 23. itsubishi Kosei 101.75 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 1,261 yen per share and at 127.25, yen per dollar, Fees 214%. 100.00 Coupon indicated at 41/1/4. Noncollable. Each \$10,000 note with one warrant exercisable into company's shares at expected 21/1/4 premium. Fees 21/1/4. Terms to be set June 20. strochemical

101.00 Coupon indicated at 4%%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an kasan Securities expected 25/56 premium, Fees 25/56. Terms to be set June 21. 101.00 Coupon indicated at 39/%. Noncollable. Each \$5,000 note with one womant exercisable into company's shares at an tient Leasing expected 24% premium, Fees 24%, Terms to be set June 22. 100.00 Coupon indicated at 4%%. Noncaliable. Each \$5,000 note kyu Department with one warrant exercisable into company's shares at an expected 25% premium. Fees 256%. Terms to be set June 22.

101.75 Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 994 year per share and at 126.20 yen per dofor, Fees 254%. 100.25 Callable at 105 in 1992. Convertible into company's shares at 1,520 French francs per share, a 13.46% premium. Fees 29%. storge Coppée Coupon indicated at 3/%. Noncatable. Each 10,000-guilder note with one warrant exercisable into company's shares at 1993 open 100 itsubishi **Inochemical** on expected 25/% premium. Fees 25/%, Terms to be set June

Coupon indicated at 34%. Nancollable. Each 5,000-ecu note with one warrant exercisable into company's shares at an expected 25% premium. Fees 25%. Terms to be set June 22.

UROBONDS: No Cheers as the Dollar Rebounds

- rationed from first finance page) ort prices from rising in line h the appreciation of foreign reactes.

There is no question we will see te inflation and more passon import prices," Mr. de cs said.

is inflation picks up later this r and the real interest rate on assets narrows relative to rates West Germany and Japan, Mr. wn said "the dollar will spike VI along with the bond market." he bond market last week 'ted down on several wornest U.S. farm drought, fears of her inflation and rising interest

smart with bond yields up 14 \$100,000, in contrast to the bearer

The new-issue calendar for fixed nonequity dollar debt was the third favored instrument because of the heaviest of the year at \$1.45 billion. That's equal to half the amount raised in this sector during May. Especially noteworthy last week tors, particularly in Switzerland.

were three issues with a maturity of 10 years. So far this year, only 10 long-dated issues have been marketed. Bankers attributed the sudden popularity to a desire on the part of investors to pick up higher

mcome on long-dated paper. There was also a large amount of switching by institutions, selling seasoned sovereign paper trading at thin margins of 10 to 15 basis points over U.S. Treasury rates to move into the new, higher-yielding

Belgium sold \$250 million to nvestors who had been fulled by yield 65 basis points, or 0.65 of a strengthening dollar and the percentage point, more than comby week decline in interest rates parably dated U.S. government paa two-month low rushed to get per, while the state-guaranteed 'à into the dollar bond market Electricité de France and SNCF I found an ample supply of new each sold \$150 million to yield 51 tes - from borrowers who had basis points over the benchmark in awaiting an opportunity to tate. Belgium paid more, because k in relatively low rates. By its notes are registered and offered k's end, the issuers were look- only in large denominations of

bonds preferred by the market.

Short-dated paper, up to now the minimized exposure to interest rate increases, also was in evidence and remained popular with retail inves-

But by week's end, with the New York bond market down sharply, all the new issues traded outside the fees paid to underwriters.

The Canadian-dollar sector saw the largest single issue yet, 500 million dollars for Alberta. Investors like the size, as it assures a liquid after-market.

But at the offering price, it remains a question what kind of a bargain it is for investors. Alberta tapped the Euromarket because it's cheaper than domestic financing. and as domestic paper is free of withholding tax to foreign investors, higher-yielding paper can be bought in Canada.

But this is also true for U.S. issuers tapping the Euromatket, and that has not stopped investors from buying new issues. Retail Continental investors continue to be attracted to the Canadian dollar because of the higher yields than on

Banks Set Terms of European Disneyland Loans

By Carl Gewirtz

International Herald Tribune PARIS - Underwriters of the financing that EuroDisneyland is to raise later this year met here last week to sort out the details of the

complicated structure of the loan. In all, seven banks have agreed to underwrite a package of bank credits that is expected to total 7.2 billion French francs (\$1.22 billion), of which not more than a third will be in foreign currencies.

The seven are Banque Nationale de Paris, Citicorp, Caisse National de Crédit Agricole, Deutsche Bank AG. J.P. Morgan & Co., Long-Term Credit Bank of Japan Ltd. and Swiss Bank Corp.

The main portion of the 18-year

loan will be a 5 billion franc syndicated credit. In addition, there will be a letter of credit facility — the foreign currency portion - and a pro-rata shares in all the facilities.

the market at the end of the sum- francs will earn a front-end fee of mer, but drawings will not be per- 12 basis points. There are no utilimitted until the equity of EuroDis- zation charges and no commitment neyland has been arranged. Walt fees because the loan will be drawn Disney Co. has an option of taking in full immediately.

public will not exceed I billion bility to extend to seven years.

francs. Participants at the Friday meeting said the terms of the loans had

INTERNATIONAL CREDIT been agreed upon but refused to

The market for franc loans remains active, but terms are hardening. Facility fees, which last year hit a low of 4 basis points, are now in the low teens and drawing charges also are rising. In part, this reflects the heavy past activity banks are becoming more selective - and the fact that many of the best-quality names have already tapped the market.

Alitalia is currently seeking 600 stand-by facility to cover cost over- million francs for five years. It will runs. Banks participating in the pay 15 basis points over the intertransaction will be expected to take bank rate for the first three years and 17.5 basis points thereafter. The loans are expected to reach Banks underwriting 60 million

nor more than 49 percent. The final ing European maker of seats for amount has not yet been decided, automobiles, is seeking 400 million but the equity to be sold to the francs for five years with the possi-

> Interest is set at 18 basis points over the interbank rate, the annual facility fee is 12.5 basis points and utilization fees total 2 basis points for drawing up to half the loan and 5 basis points for drawing more than half. Banks underwriting 50 million francs would earn fees of 6

basis points. Rallye, a supermarket chain, is seeking 500 million for five years, extendable to seven. Interest is set at 171/2 basis points over the interbank rate for drawing foreign currencies and 20 basis for drawing in francs. The annual facility fee is 15 basis points, there is a utilization fee of 5 basis points for drawing more than half the total and frontend fees range up to 6 basis points for banks underwriting 75 million

which the company specified will basis points over the interbank rate a stake of no less than 16 percent Epeda Bertrand Faure, the lead- and utilization fees of 3 basis

points for drawing more than one

third of the amount and 6 basis points for drawing more than two thirds. A front-end fee of 7 basis points is to be paid to banks underwriting 75 million francs.

Guyomarc'h, an agro-food company in Brittany, will be next in the market, for 500 million francs, bankers reported.

In the dollar sector, St. Paul Cos. is seeking a \$300 million, five-year revolving credit that can be used to back the sale of commercial paper. It will pay a commitment fee of 8 basis points on undrawn amounts. 18.75 basis points over the interbank rate to draw and front-end fees of 5 basis points to banks underwriting \$30 million.

Public Power Corp. of Greece is expected to come to the market this week after long discussions with banks over terms. Bids from competing syndicates totaled \$2 billion, Pinanlt, a wood-products com- bankers reported, but when the pany, is seeking 500 million francs, \$150 million loan comes to the market placing it will take some not be used for takeovers. The five- time. That is because banks are year facility, extendable to seven eager to be the lead manager but years, carries an annual fee of 15 not willing to join someone else's

> Algeria is also said to be seeking bids for a \$150 million loan.

East German Airbus Purchase Said to Be Nearly Complete

BONN — A deal to sell three Airbus A-310 jets to the East German state airline will be signed within two weeks, a senior West German government official was quoted as saying on Sunday.

Die Welt, a Bonn daily newspaper, released an interview of Erich Riedl, state secretary of the Interior Ministry, in which he denied a previous report that the sale was tied to a reported credit of 1 billion Deutsche marks (\$570 million) for East Germany.

The credit reportedly is being prepared by a West German consortium led by Deutsche Bank AG. "In the next 14 days, a contract

with the East German company

Interflug on delivery of three Air-

said in the interview, which was Airbus planes to Interflug, providreleased before its planned publica- ed they were serviced in the West. tion on Monday.

He added that Interflug would sign a contract only with secured On Saturday, the Hamburg- ern high-technology aircraft to the based weekly Der Spiegel reported East.

the deal, but said it was tied to the 1 billion-DM credit.

ment would leave East Germany other purchases.

The Coordinating Committee for Multilateral Export Controls, the Paris-based Western body that monitors high-technology exports,

bus jets will be signed," Mr. Riedl sale of three of the medium-range ber of the four-nation Airbus In-

The decision by COCOM, which includes Japan and all NATO members except leeland, cleared the way for the first sales of West-

East Germany will grant the West German carrier Lufthansa Because an A-310 is priced at landing rights at Dresden as part of 120 million DM, such an arrange- the Airbus deal, while Interflug will receive permission to land in Hanowith around 600 million DM for ver, Der Spiegel said. Both cities are hosts to major industrial trade

Premier Franz Josef Strauss of the West German state of Bavaria, who also is chairman of Deutsche last week gave permission for the Airbus GmbH, the German mem-

dustrie consortium, was arranging the credit for East Berlin at 4.9 percent interest over 16 years.

Friedhelm Ost, a government spokesman, said Bonn was not involved in setting up any credit for East Germany. It was "a question for the banks alone," he said.

Der Spiegel, in its story made available before publication on Monday, said Lufthansa will also train East German pilots on the Airbus planes.

Diplomatic sources in Paris said Lufthansa would provide all servicing on Interflug's new Airbus planes to avoid the risk of sensitive technology being used for military

Chinese Bonds Pose a Problem For Taiwan

TAIPEI - Taiwan's goverument has been confronted with a potentially crippling problem: It is being asked to redeem bonds issued more than 40 years ago in China.

Taiwanese visitors to China are returning with stacks of bonds sold on the mainland by the Nationalists before they were driven to Taiwan by the Communists in 1949.

Financial officials say tens of billions of dollars worth of bonds were issued in the final years of Nationalist rule, when the country was locked in civil war and ravaged by inflation.

Some of the bonds are in private hands and some were seized by the Communists during the war. If they were all cashed in, Taiwan would be bankrupt, officials say.

Taiwan has refused to recognize the bonds brought back since a ban on travel to China was lifted last year. Officials said they were worried that Beijing may also seek pay-

Taiwan would "seriously consider" repaying the bonds if the Nationalists return to power in Beijing, an official

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Simply send us a cheque. We'll then send you all the

relevant documentation, or if you would like more information telephone Jersey (0534) 59840. They say time is money. A little time sending in the coupon now will be time well spent for the future.

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NASDAO National Market

OTC Consolidated trading for week ended Friday.

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Austria	A.Sch.	4,900	39	2,700	33	1,500	25
Belgium	B.Fr.	11,500	37	6,300	31	3,400	25
Denmark	D.Kr.	2,700	33	1,500	25	830	17
Finland	FM	1,830	41	1,000	35	550	29
France	F.F.	1,600	37	880	31	480	25
Germany*	D.M.	600	39	330	33	182	26
Gr. Britain	£	135	38	74	32	41	25
Greece	Dr.	25,000	47	14,000	41	7,7 00	35
Ireland	धा ने.	155	43	85_	38	47	31
Italy	Lire	400,000	39	220,000	33	121,000	26
Luxembourg	LF1.	11,500	37	6,300	31	3,400	25
Netherlands	FL	660	40	365	33	200	27
Norway (air) —**(bd. del.)	N.Kr. N.Kr.	2,000 2,500	39 24	1,100 1,400	33 15	600 700	27 15
Portugal	Esc.	26,000	51	14,300	46	7,900	40
Spain (air) — (hd.del.)	Ptas. Ptas.	31,000 45,240	41	17,000 22,620	36 —	9,400 11,310	29
Sweden (air) — **(hd. del.)	S.Kr. Skr.	2,000 2,500	39 24	1,100 1,400	33 15	600 700	27 15
Switzerland	S.Fr.	510	44	280	38	. 154	32
Rest of Europe, Africa, Middle			Varies	260	Varies	145	Varies
Rest of Africa, (Asia	Gulf Stat	- 620	country	340	country	190	country

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(Continued from first finance page)

V. Regan, New York's comptroller. For economists, fiscal analysts and local officials, these developments are the most visible symptoms to date of mounting budge munities, especially those in the oilproducing states of Texas, Louisiana and Oklahoma, have had problems for awhile, but the new constraints are not a product of regional economic setbacks.

Instead, experts cite rising ex-penditures at the local levels at a time when the Reagan administra-tion is sharply reducing contributions. There also have been suff curbacks in aid to mass transit and housing. The state and local governments have not curbed spend-ing, but instead absorbed a greater share of the financial burden to keep programs alive.

Moreover, local officials are expanding services into new areas such as day-care, even though Washington has been reluctant to participate. Last year, total expenditures rose \$45 billion, while grants-in-aid from Washington declined \$3.5 billion, according to the Commerce Department.

"It's a common complaint. You here it all the time," said Robert ment accounting at Texas Tech this arbitrage earned local guiversity in Lubbock. "Local officials believe the federal governments, estimate this arbitrage earned local guide ments an extra 10 percent.

To meet these mounting ment is trying to balance the budget on their backs."

since many state formulas are Province to produce steel pipe, a litically compelled to go along with the wave of tax reform.

Local treasuries also have come industry joint venture.

under strain because of an array of exempt market in municipal bonds, a traditional source of capital. Although they were designed to climinate abuses by some borrowers who were raising funds without any clear purpose, the rules have sent the entire market into a slump.

As a result, new issues will total about half of 1985, according to George Friedlander, head of municipal bond research for Smith Barney, Harris Upham & Co.

"Some of the new regulations are so complex that many communities don't have the staff or expertise to understand them," he said.

Tax reform has removed the exempt status for entire categories of borrowing, such as industrial development bonds and pollution control, and it has imposed statewide quotas for certain borrowing, such as housing and waste manage-Moreover, bond issuers are now

required to spend their proceeds within six months. In the past, local governments reinvested the money raised in higher-yielding securities, using the income to lower their borrowing needs. The Government Fi-Freeman, a professor of govern- local governments, estimates that this arbitrage earned local govern-

Finding the money to pay for Steel Venture Set for China

The company and China Metallurgical Export & Import Co. will inbe the two countries' first steel-

sures, states and local administra- adjusted 2.3 percent in the tions have raised so-called user fees, such as bridge and highway tolls. Others have mised sales taxes. Some have taken a closer look at the funding needed on pension plans, with accompanying cut-

In the end, most experts agree that spending will have to be con-trolled. "There are a lot of cities that are going to be in deep water if things go on the way they have been," said Mr. Reischauer. "We may see some significant retrench-

Ms. Johnson believes that spending by state and local administrations will increase by an inflationtal grows.

fiscal year, compared with 3.3 cent in 1987. Next year's money may be only 1.2 percent she is easily taking a couple of tenties point off GNP growth.

More worrisome to some in loss of surplus. If pension in and other social insurance acces are added to state and local god ment operating balances, the i Robert H. Chandross, chief and York, notes that this roughly a third of the federal deficit

declines, falling to 544.5 billion year, dependency on forcing

Wall Street Review

AMEX Most Actives NYSE Most Actives NYSE Sales AMEX Sales

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SEPTEMBER Des Art 15. The

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HIERS IN

Prices finished the week slightly her after moving up to a record se of 259.2 on the ANP-CBS heral index on Wednesday.

The previous record, 255.3, was April 14. After the new mark s set, sears of a rise in internaand interest rates pushed prices ser, and the index finished the ck at 255.4, just 0.9 point more in the previous weekly close. The rise on Wednesday was atinted to the lower than expected merchandise trade deficit anmeed on Tuesday. That boosted dollar, which belped propel the

winesday.

The Kempen & Co. brokerage

Id it expects prices to move high-

rankfurt

"Nocks posted moderate gains, h the Commerzbank index ris-10.5 points to 1,428.2 points on ursday, the last day of trading. to market was closed for a holiy on Friday.

The market gave up part of an : lier advance in the final session the week, falling on fears of ng interest rates. iteels were firm, with Hoesch

ling 7.50 Deutsche marks to 3.50. Mannesmann 1.30 to 180, and Thyssen 3 to 145. vixdorf dropped 5.30 on the k to 485.80. In the auto sector, MELimler-Benz was off 3 to 639, kswagen lost 0.20 to 252.80. BMW was unchanged at 527. Teba rose by 5.40 to 258 DML n the banking sector, Dresdner 1.30 to finish at 244.50, and mmerzbank dropped 2 to

> d a gain of 4 to 432. foliume on the eight West Gera stock exchanges totaled 14.15 ion DM for the four-day week. inst 20.02 billion the previous

50, but Deutsche Bank man-

he Hang Seng Index rose more n 70 points to a post-collapse 1 in a week of buoyant trading he Hang Seng Index closed Friat 2,718.02 points, an increase 70.60 points over the previous k. The broader based Hong ig Index rose 45.25 points, closthe week at 1,799.72. he market was closed for a holi-

Monday. The Hang Seng rose Tuesday and Wednesday, had a ill loss Thursday but then adced 24.52 points on Friday to pass the 2,700-point mark for first time since the October a collapse.

werage daily volume was 1.32 ion Hong Kong dollars, down n 1.45 billion in the previous

ondon

tock prices showed little change

during the week after drawing strength from the U.S. trade figures but slipping on fears of inflation. The Financial Times 100-share

index ended the week with a modest 0.3-point gain to 1,850.1. The 30-share industrial index rose 4.2 points to 1.472.6. After a rise spurred by the U.S.

trade report on Tuesday, the market gave back most of its gains. Several economic indicators on Thursday - which included reports of higher earnings, increases in industrial production and retail prices and an upwardly revised trade deficit - revived fears of inflationary pressures.

Stock prices scored modest gains, with the Comit index rising to 488.29 from 483.14 a week earli-

Interest concentrated on Fiat shares, which rose by 1.60 percent on the week, and especially on the Ferruzzi Montedison Group, with Montedison rising by 7.05 percent, Ferruzzi Agricola 9.67, and Standa 6.46 percent.

Generali was down by 0.17 percent, while in the de Benedetti Group, CIR dropped 4.73 percent and Buitoni 4.79.

Volume rose to an average of 42 million shares a day from 32 million shares the week before.

Analysts said that while there was still some worry because of domestic economic policy problems, the market appears relatively optimistic.

Fears of rising interest rates hit 343.2 from 350.4 a week earlier. cent below the level it had reached just before last fall's stock market which advanced 18.33 yen the pre-

Analysts said the week's poor Friday, a 422.10-yen gain. performance was not due to politilute majority in the new National to end the week at 2,219.33 Friday. 3,290.

RESEARCHER

ADMINISTRATOR

COMMITTEE & DOCUMENTS

MANAGING DIRECTOR

Assembly but rather to fears of The market was closed Saturday. bigher interest rates.

unprecedented scandal at the Soci- was mixed. ety of French Stock Exchanges, formerly known as the French Stockbrokers' Association, which acknowledged having losses of about 500 million francs in financial futures trading.

It attributed the losses to an employee who has resigned.

Singapore

The Singapore stock market rallied on news of the sharply reduced April trade deficit in the United

The bullish sentiment saw new records for the year set for daily volume and the Straits Times In-1988 and 21.77 points above its level a week earlier.

Volume hit a 1988 record 70.01 million units Wednesday, and the Straits Times Index climbed 21.15 points Thursday, the largest daily gain in five months.

local and foreign institutions and from 505.0. speculative demand for low-priced sible for the rise.

ed modest gains. million units worth 461.1 million sign for the near future. dollars, slightly higher than the previous week's volume of 276.3 mil- was a spectacular jump of Oerlilion units valued at 521.9 million kon-Bührle bearer shares from to

Tokyo

Prices on the Tokyo Stock Ex-Paris stock prices this past week, change rallied, with the closely sending the CAC index down to monitored Nikkei stock average hitting three consecutive all-time That puts the index about 6 per- highs Wednesday through Friday. The 225-blue chip average, francs.

The composite index of all comping 120 to 7,655. cal uncertainties after the failure of mon stocks listed on the market's Chemicals were slightly higher. the Socialist Party to win an abso- first section advanced 19.41 points Ciba-Geigy bearer stock rose 65 to

INTERNATIONAL POSITIONS

You will find below a listing of job positions published

last Thursday under the rubric International Positions.

SALARY

£14,000 p.a.

£ 40,000

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please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Codex, France.

Tel: (1) 46.37.93.81. Telex: 613595

The Nikkei rose every day, but The main conversation topic on the composite index had a 2.80 year the Bourse during the week was the loss on Thursday, when trading

Leading the surge last week were steels, with the nation's five top steelmakers, led by Nippon Steel

reaching all-time highs. Although share prices soured turnover shrank to 1.476 billion shares a day on average from the previous week's 2.08 billion share

lower long-term interest rates that dispelled fears of inflation in the United States. They predicted the bullish trend would continue this

One said investment of summer bonuses, to be paid to workers in June and early July, was expected dustrial Index, which finished at to fuel a summer rally pushing the 1,068.20 points Friday, a high for Nikkei toward the 30,000-yen level.

Zurich stocks posted modest gains. The Credit Suisse index finished at 462.4 against 455.3 the previous Friday, and the Swiss Dealers said firm orders from Bank Corp. indicator rose to 513.8

Market participants expressed Malaysian issues were also respon- satisfaction that the Swiss market had not followed a downward Singapore-based blue chips post- trend on Wall Street on Thursday, and they said a good Zurich perfor-Volume for the week was 277.2 mance on Friday was a promising

The week's best performance 1.110 Swiss francs from 940, which operators said was caused by exchanges of ABB shares for Oerlikon stock.

Swiss industrials were generally lower except Alusuisse, which rose 5 to 276, and Sulzer, up 50 to 5,250. Suizer bought Intermedics of the United States for 1.12 billion Swiss

Food stocks were indecisive, vious week, closed at 28,342.46 year with Nestlé bearer shares tising 140 to 8,690 and Jacobs Suchard drop-

EMPLOYER

Amnesty International.

Furniture Company.

Inmarsat.

TEXAS: Modest Recovery Begins; Banking and Real Estate Are Left Out

(Continued from first finance page) 1986. Houston is the most econom-

ically buoyant city in Texas. Small manufacturing companies - mainly those dealing with oil field services, petrochemicals and

shipping -- are fattening their payrolls to levels unseen in years. This strengthening in the economy has led to higher housing prices, increases in apartment and hotel

occupancy rates and a rise in helpwanted advertising. As small busi-Brokers attributed the rally to nesses expand, they are moving into the 47 million square feet of empty office space in the city.

make money if prices stay above No one is yet willing to predict \$15. Prices have hovered between when or how that will happen. \$17 and \$18 this year.

Mr. Cochrane said.

A deepening crisis in real estate threatens

to plunge the state back into recession if there is no reduction in the \$15 billion in foreclosed property.

14 months ending in January 1987, rowers needing \$1 million or less in Houston is now adding about 4,000 short-term financing. He figured jobs a month. That is a trickle com- that small businesses were starved pared with the more than 17,000 iobs it was adding during the oil boom in the early 1980s, but next to 60 inquiries. "Maybe that doesn't other big Texas cities, it is strong sound like much, but to me it is rate in two years.

Hundreds of small manufacturers are expanding, and although much of the growth remains energy-related, diversification is emerging. The oil economy makes up 66 percent of Houston business activity, down from 80 percent in 1982.

Houston believes its future rowth will come from the space, biomedical and petrochemical industries and agriculture. James L. Cochrane, chief economist at Texas Commerce Bank, said growth in the space and biomedical fields has not reached expectations, but the Gulf Coast's petrochemical business is operating near capacity. Ag-

riculture exports are booming. Steady oil prices have prodded capital spending, which spurred or-

After losing 142,000 jobs in the Group, started advertising for borfor bank loans.

He was right. In two days, he had overwhelming," he said. "If you remove real estate from the elements, the economy here isn't all

that bad. Unfortunately for Dallas and neighboring Fort Worth, the real estate economy, affecting finance, insurance and construction, was the engine for growth in North Texas from 1983 through 1986. When it collapsed 18 months ago.

the region lost its steam. Dallas lost 39,000 jobs in the 12 months ending in June 1987, with

and has contributed to the drain on percent last year.

ders for hundreds of local manu- the savings industry's national in-

surance fund. "It's a very healthy way to grow

state's economy. Many energy-related companies Despite some forecasts that in the river city. lost hundreds of millions of dollars 30,000 jobs would be added by mediate crude plunged from \$27 to economic future in North Texas below \$10 a barrel by spring 1986. will be fuzzy until the real estate Most have cut costs and can now and financial troubles are settled.

Many economists said a recovery Several months ago in Dallas, is hindered by troubles at the as well. Nathan C. Collins, chairman and state's largest bank holding compachief executive of BancTexas ny, First RepublicBank Corp., which had losses of \$1.5 billion in the first quarter and which is seek- ular and development-minded ing a federally assisted bailout, and at MCorp, the other major banking organization based in Dallas.

Real estate remains a problem Cutbacks in construction have stalled job growth, but most laidoff construction workers apparently have left the state, said Ron Whitten, president of M-PF Research Inc.

That was an important factor contributing to Dallas's declining unemployment rate, which was 5.3 percent in April, the second lowest

The move by J.C. Penney Co. to Plano, north of Dallas, has provided a psychological lift and increased Dallas's hold on the No. 3 spot in apparel merchandising, after New York and Los Angeles. Heavy Pentagon spending has kept local military plants prosper-

ous. Many analysts said they believed much of that growth would end with the Reagan administration, but they said military-related employment would hold steady. High technology is also a plus.

half those losses coming from con- Harden Wiedemann, president of the North Texas Commission, esti-The building boom produced 49 mated that high-technology manumillion square feet of vacant office facturing would make up 16 perspace, which crippled many of the cent of the area's industrial base by area's biggest financial institutions the turn of the century, up from

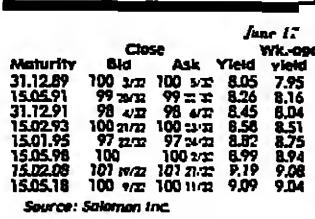
On the Memorial Day holiday weekend in June, 75.000 people Dallas and Fort Worth now are flocked to the formal opening of if you're in a recovering mode," the biggest question marks in the Sea World in San Antonio, a symbol of new tourism — and jobs —

The \$170 million complex, built after the price of West Texas inter- year-end, many analysts believe the by Harcourt Brace Jovanovich Inc., is nearly triple the size of the company's original aquatic park in San Diego. Sea World expects more than three million visitors this year and city officials hope many of

them will take in other tourist spots Before Sea World, San Antonio was already the state's most popular tourism site, and the city's popmayor, Henry G. Cisneros, used that fact to help convince William Jovanovich, chairman of Harcourt Brace, to put the attraction in the

The city, home of the Alamo and an hour south of the popular hill country of central Texas, drew 10.5 million tourists last year, up from 8.5 million in 1980.

Treasury Bonds



U.S. Consumer Rates Tax Exempt Specis Boad Buyer 29-Boad Index 7.73 % Money Market Funds Denoghwe's 7-Day Average **Bank Meany Market Account** Bank Rate Manter Index

Source : New York Times



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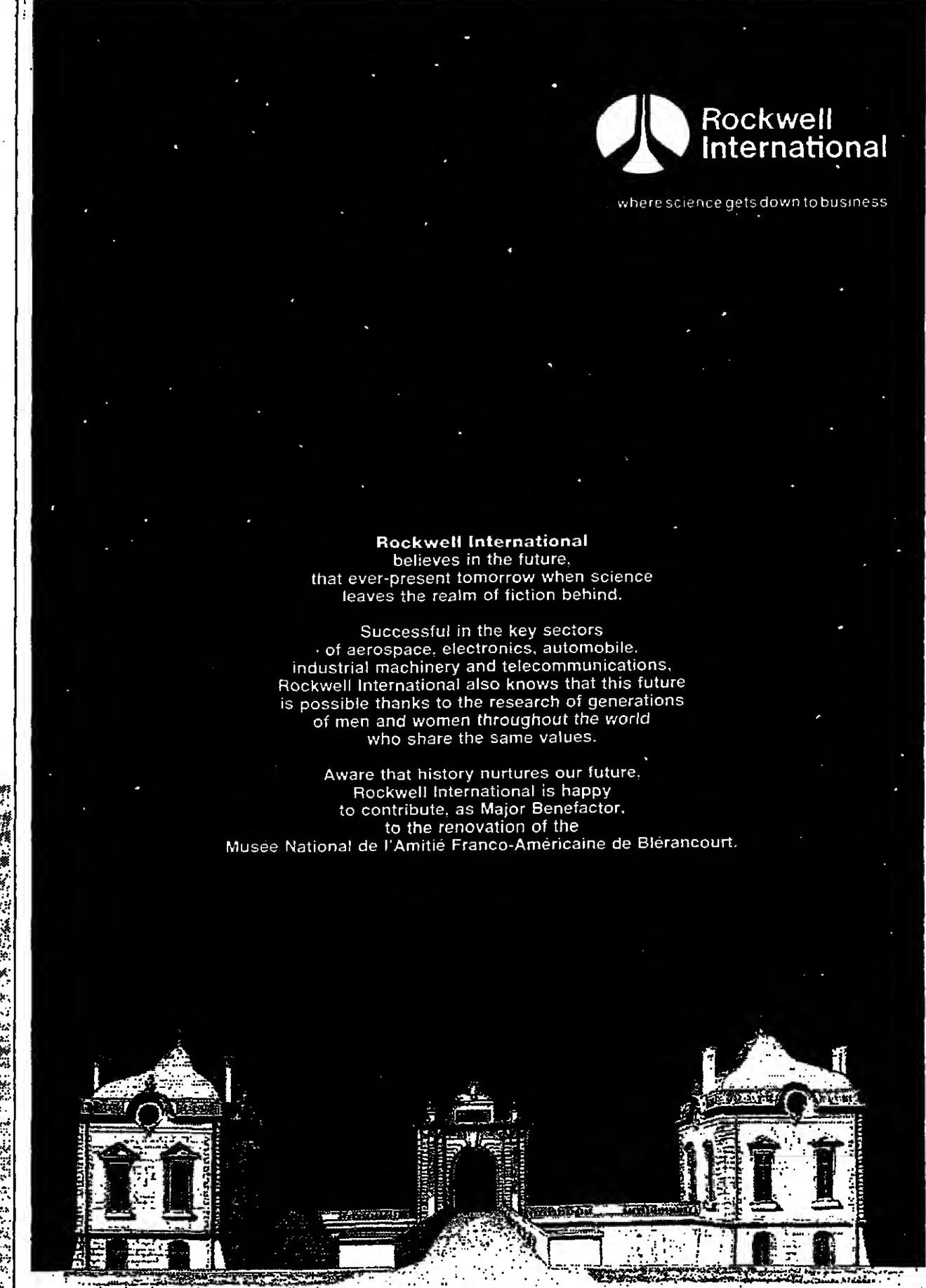
At the same time the Conference ollers periods of quiet reflection and relaxation was a social program appropriate to its distinguished string The closing banquet, at Blenbeum Palace, will be addressed by Helmon: Schmidt.

former Changellor of the Perical Republic of Geometry the period of major clothons, market crashes, intracrable debt, and remacious wars, this Conference has never been more important. We hope you can arrend

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MONDAY SPORTS

Test of So-So Teams

By Ken Denlinger Washington Post Service

INGLEWOOD, California -By Sunday night, something monumental in professional basketball would have taken place - either the Los Angeles Lakers moving closer to becoming the first repeat champions in 19 years or the Detroit Pistons winning the National Basketball Association title for the first time ever.

Too bad neither team is especially good.

That's speaking historically, of course, for nobody who endures 82 regular-season games and then throws a victorious fist aloft after nearly two months of playoffs is lousy. Whichever team wins will be a worthy and deserving champion.

Still, near-unique moments such as these spawn tough questions. Such as: In the sweep of pro basketball majesty, where will these Lakers and Pistons rank? Not particularly high.

Lakers Tie Series

Compiled by Our Staff From Dispotches INGLEWOOD, California -The Los Angeles Lakers beat the Detroit Pistons, 103-102, Sunday on Kareem Abdul-Jabbar's two free throws with 14 seconds left, forcing the National Baskethali Association's championship series to a seventh and deciding game that will be played here Tuesday night.

If the Lakers prevail, their prob-lem will be comparisons with themselves, past and present. Five titles in the 1980s, and counting, is Boston — awesome. The only other non-Celtic team with any sort of decade dominance was not the Magic Johnson Lakers but the George Mikan Lakers, in the '50s, when they were in Minneapolis.

Until March 10, this gang of Johnson's was as fine as anyone had ever seen. He and James Worthy and Kareem Abdul-Jabbar had combined for two titles already and were 49-10 at the time. Then Johnson reinjured his right groin muscle - and the Lakers have been struggling since. Without him for 19 games they were 9-10; with him,

They still have not lost this season when their jerseys were pinned flat against the backboard.

A Los Angeles survival would be

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70 What rookies

must learn

72 Equal: Prefix

73 Immobile

DÓWN

number 2 Theater

employee

6 Blue dye

7 Changing

9 Mott Street

favorite

brother

12 Hisses' kin

8 Inquire

10 Part

11 Biblical

3 Leaf aperture

4 Military caps

5 Last year's jrs.

1 Sound-speed

prime minister

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own medicine

39 Kind of estate

41 Kind of rocket 43 Harvard rival 44 Theater org.

third- or fourth-best Laker team of the '80s, but with such age and lack of depth, folks here have come to expect a basketball Oscar each year. Johnson led the Lakers to their

first championship of the '80s, with a 42-point, 15-rebound, 7-assist performance as the center replacement for Abdul-Jabbar against Philadelphia. Every team since has been molded around Johnson. He has made jump shooters like Byron Scott and swift rebounders like A.C. Green lots better than they would be elsewhere.

So far in these playoffs, the Lakers have created a burden too heavy even for Johnson. A 41-year-old scoring 11 more points than any of his teammates, as Abdul-Jabbar did in Game 5, is an accurate barometer of doom.

The Pistons? No one is quite sure yet what to make of them. More than anything else, they are a team of the '60s one victory shy of winning a title in the late '80s.

What's special about them? Who, years from now, will be recalled with great affection? Like the Lakers, the Pistons are competing against ghosts — the 1980s Celtics.

Part of the reason for the Laker-Celtic matchups the last four years being so thrilling was that at least one phase of basketball seemed to be taken to a new level. Larry Bird. Kevin McHale and the vastly underappreciated Robert Parish was the best front court ever in the

With Johnson, who redefined the point-guard position, the Lakers were the ultimate in speed and grace. They even had enough depth to play trench-ball against the Celtics in the 1985 finals.

You look at the Pistons and see a 6-foot-5 (1.95-meter) player, Adrian Dantley, comfortable close to the basket and a near-7-footer, Bill Laimbeer, getting most of his points on long-distance shots.

Isiah Thomas is — fast, a fine

shooter and beautiful passer. A former Piston, Dave Bing, was as good; Tirry Archibald, at times, was better. Dantley is the pivotal Piston, and

a true throwback - front-court players in the 6-5 range have been extract for some time, haven't they? If the NBA kept hockey-like statistics. Dantley would have lots more assists, because the second pass after a Laker double-team produces the four penalty goals.

Senna Wins In Detroit; Prost Is 2d

The Associated Press DETROIT — The winning beat continued for Ayrton Sen-

na and the McLaren-Honda team as the Brazilian overwhelmed teammate Alain Prost and the rest of the field in Sunday's Detroit Grand Prix Formula One race. Senna drove to his third straight victory on the dicey downtown circuit, as well as his third triumph of 1988. Coming off an easy victory

in the Canadian Grand Prix a week earlier, Senna, 28, easily outdistanced Frenchman Prost, the two-time world champion who has won this season's other three races. It was the fourth time this year that the McLaren tandem has finished one-two.

Driving conservatively in the final stages of the 63-lap, 157.44-mile (253.45-kilometer) event, Senna beat Prost to the finish line by 38.713 seconds. Senna had led by 60.368 seconds with six laps to go. Prost still leads Senna in the season point standings, 45-33.
Third place Sunday went to

whose Benetton-Ford finished more than one lap behind. Andrea de Cesaris of Italy, in a Rial-Ford, was fourth. Only nine of the 26 starters were running at the end of the attrition-filled race. The as-

Thierry Boutsen of Belgium,

phalt track was particularly slippery with temperatures in the mid-50s centigrade (high 80s Farenheit), and tire wear was a problem because of concrete patches in the racing sur-

French Rugby Squad Beats Argentina, 18-15

Agence France-Presse BUENOS AIRES — France beat Argentina in rugby Saturday, 18-15, with a try in the second half by Philippe Dintrans converted by Philippe Bérot, who had earlier kicked

WEATHER

Argentina's points, all in the first So Dantley is quite a lot like his half, came from a try by Juan Jose team and the one they are trying. Angelillo, the conversion and two with bump-and-grind success, to penalty goals by Daniel Baetti and a unseat. Good; appealing. But like- drop by Fabian Turnes. The second ly, long-term, to be relegated to the and final test is scheduled for next

EUROPE

Algorye Amsterda Albens Barcelova

Soviets, Dutch Gain Semis

Compiled by Our Staff From Dispatches BONN — The Soviet Union and semifinals of the European soccer championships with triumphs Saturday, as rioting marred the tournament for a sixth straight day.

In Frankfurt, the Soviets defeated England, 3-1, and the Netherlands edged Ireland, I-0, with a late goal in Gelsenkirchen. West Germany, which beat Spain, 2-0, Friday in Munich to reach the last four, will play the Netherlands in Hamburg on Tuesday. In the other semi, the Soviet Union will face Italy in Stuttgart on Wednesday; Italy went through with a 2-0 victory over Denmark Friday in Cologne (see Scoreboard).

West Germans, who endured six tremism and many of whose mem- gland some hope when he headed

the Netherlands advanced to the who lived up to their reputation for could not clash with the English. hooliganism in Stuttgart, Düsseldorf and Frankfurt, would follow their team home.

> fore the USSR-England match, English fans went on a rampage station and in the center of the city. A police spokesman said the fans fights with West Germans and European championships. threw stones and beer glasses. On

Front fan club, a West German convincing than the score suggests. England's exit came as a relief to group professing right-wing ex- Tony Adams briefly gave En-

With the Dutch minutes away from elimination, Wim Kieft headed the winner past goalie Paddy Bonner.

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ANDY CAPP

NORTH AMERICA

MIDDLE EAST

nights of drunken brawls by En- bers bear neo-Nazi tatoos, were arglish fans. Police hoped the fans, rested by Frankfurt police so they

By late Saturday the number of arrests connected with fan violence and rowdyism at the champion-In the early-morning hours be- ships in five West German cities had risen to more than 700. England went down to its third

around the main Frankfurt railway successive defeat - marking the first time it has failed to win a single point in 11 major tournaments, indamaged automobiles, picked cluding eight World Cups and three Goals from Sergei Alcinikov in

Saturday afternoon, just before the the third minute, Alexei Michailigame, 35 more intoxicated Britons chenko (28th) and substitute Viktor were detained, the spokesman said. Pasuko (73d) gave Coach Valeri Lo-Sixteen members of the Eagle banovski's team a victory far more



Vagis Chidiyatulin, after his collision with England's Mark Hate

home Glenn Hoddle's free kick to tie the score in the 12th minute. But Oleg Protasov hit a post and missed two other chances in the opening 12 minutes and came close twice more in the second half.

The winners' defense dealt easily with an impotent attack from an England team that had led qualifying competition with 19 goals. "We got off to the most miserable

of starts," said England's manager. Bobby Robson, "which obviously made it very edgy. We lost confidence and our passing went. We got ourselves into awful trouble." Robson blamed poor defensive

play for all three Soviet goals and said that had widened the margin of defeat. "All the damage was done in the first half. In the second half, we were always in the game and our passing picked up," Robson added.

He said that England might have given a far better account of itself in the tournament if it had ever taken the lead. "If we had ever gone in front it would have made such a difference" he said. Although spirits in the dressing

room were low, he said he would not be making wholesale changes for the qualifying tournanment for the 1990 World Cup finals. "I can't throw away what's good," he said. "I have to be careful. We have to play well and win matches, and I can only experiment gradually. I mustn't overexperiment, but if I have to build I'll build. I won't panic."

injuries to Igor Belanov and Vagis Chidivatulin. Belanov, the 1986 Eu- urday's soccer final in Mun ropean player of the year, limped off a minute before halftime, and Chi- ed from Hamburg. divatulin left the field bloodied after banging heads with Mark Hateley just before the final whistle.

win to advance, was only eight min- gium will referee the other se utes away from elimination when between Italy and the Sot

winner under rather favorable cumstances. Their goal was fortunate one," said Ireland's no ager, Jack Charlton, Some said the linesman put his flag un offside and then put it down

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"But when your players be for 90 minutes in that heat must be proud of them." Team tures on the field reached 3 grees centigrade (85 Fabrenhei Coach Rinus Michels took gamble in the second half by so

ing in two extra strikers, in Bosman and Kieft. The move off when the PSV Eindhoven's er headed a curving ball beyond reach of Irish goalkeeper Par Bonner. "We had to win and clock was ticking." Michels a "But we remained patient." Led by such world stars as M

Gullit and Marco van Basten Netherlands had besieged the goal with shots and head throughout the match, but he also threatened - Paul McCa heading against a post in the ! minute. Michels considered that his

critical. "If McGrath had sm with his header, it would have & extremely difficult for us to wind said. "The Irish have a very effic defense. The game turned of decisive moments - McGra header and our goal." ■ Referees Named

The European Football The Soviets' only problems were announced Sunday that M Vautrot of France will refere! United Press International res

Romanian Ion Isna will his Tuesday's semifinal between # Germany and the Netherlandi The Netherlands, which had to Hamburg; Alexis Ponnet of I substitute Wim Kieft headed the Union, Wednesday in Stattgart

they are 10-9 in the playoffs since Piston basket. sweeping San Antonio. accomplished by no better than the shadows by even more brilliance. Saturday. **ACROSS** 1 Strong scents 6 Actress Gardner 9 Complainer 13 Fall flower 14 Unless, in law 16 Tramp 17 Simple piano 19 Margarine 20 Kind of sphere 21 Yale name 22 Jacket parts 24 Harsh sounds 26 Kindergarten awards 28 Put away for safekeeping 30 Wash --comics hero 34 Put two and two together 37 High nest

Der York Times, edited by Eugene Maleska

BLONDIE

15 Mallorca, for

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18 Examiner

25 O.T. book

32 Choler

33 Spore

23 Buchwald or

27 Heat: Comb.

29 Sports centers

31 Breakfast dish

34 River to the

35 Depression

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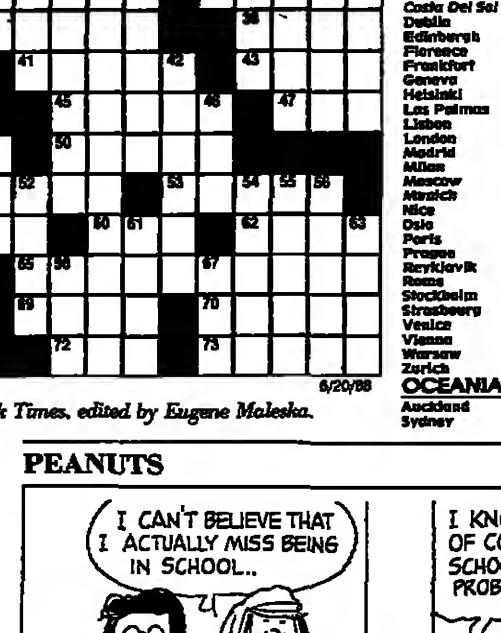
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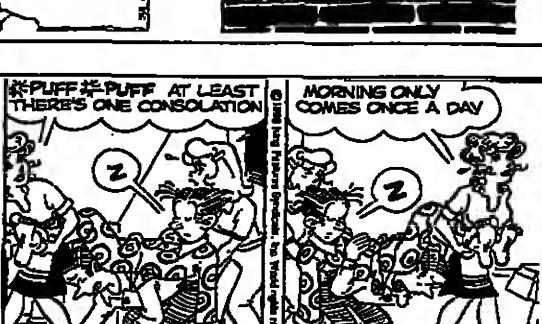
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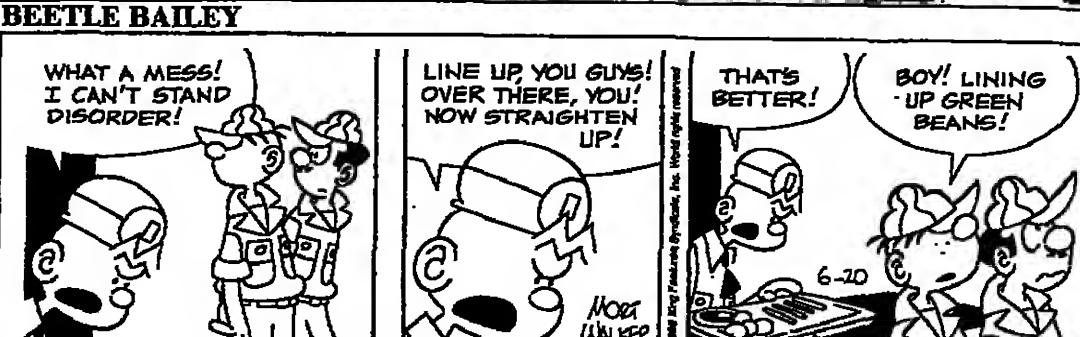


d-cloudy: fo-foggy: fr-fair; h-hall; o-overcast; po-partly cloudy: r-rain; sh-showers; sw-snow; sh-stormy.

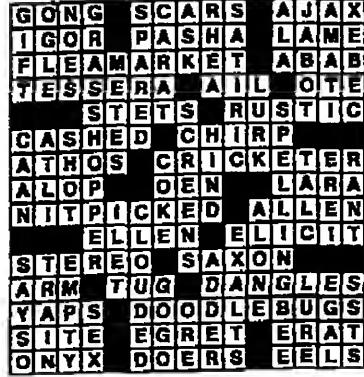
MONDAY'S FORECAST—CHANNEL: Smooth, FRANKFURT: Foir, Temp. 24—13 (75—55), LONDON: Cloudy, Temp. 20—13 (68—55), MADRID: Stormy, Temp. 24—15 (75—59), NEW YORK: Foir, Temp. 34—20 (93—68), PARIS: Foir, Temp. 24—13 (75—55), ROME: Foir, Temp. 25—15 (77—59), TEL AVIV: Not Available, ZURICH: Foir, Temp. 22—12 (72—54), BANGKOK: Thursderstorms, Temp. 33—25 (91—77), HONG KONG: Foir, Temp. 37—28 (90—82), MANILA: Thursderstorms, Temp. 33—25 (91—77), SEOUL: Overcast, Temp. 28—17. (82—63), SINGAPORE: Thursderstorms, Temp. 31—24 (88—75), TOKYO: Mist, Temp. 27—19 (81—66).

ATIN AMERICA









Solution to Friday's Puzzle





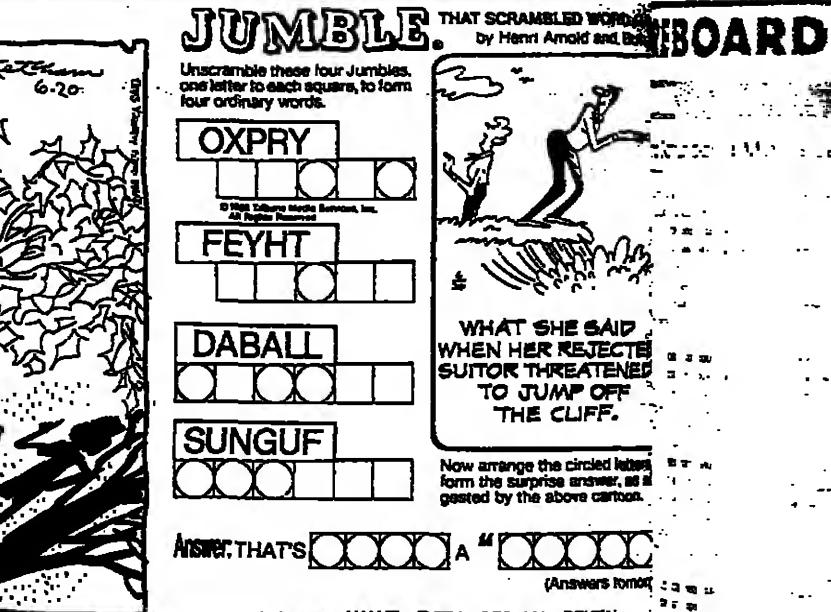






YOU MIGHT AS WELL CLIMB BACK DOWN, YOUNG MAN I'M MOT CALLING THE FIRE DEPARTMENT.

I'M NOT INTERESTED. NO MORE)
THAN YOU WERE WHEN I WAS
TELLING YOU ABOUT MUM'S LODGER
AND THE WIDOW NEXT DOOR ____



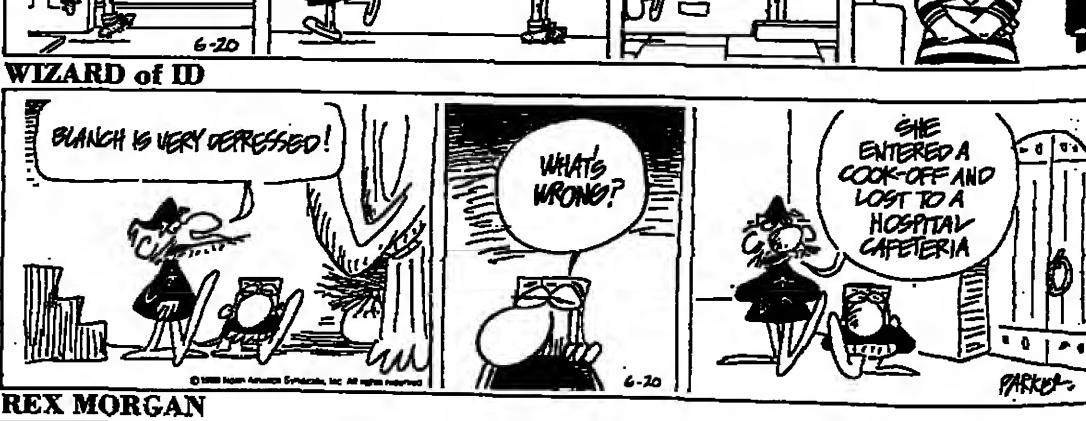
when her rejecti SUITOR THREATENED THE CLIFF. Now arrange the circled letters form the surprise enswer, as a gested by the above cartoon.

PRACTICALLY ANVIHAND EXCEPT A LAD WHO MINDS HIS OWN BUSINESS III

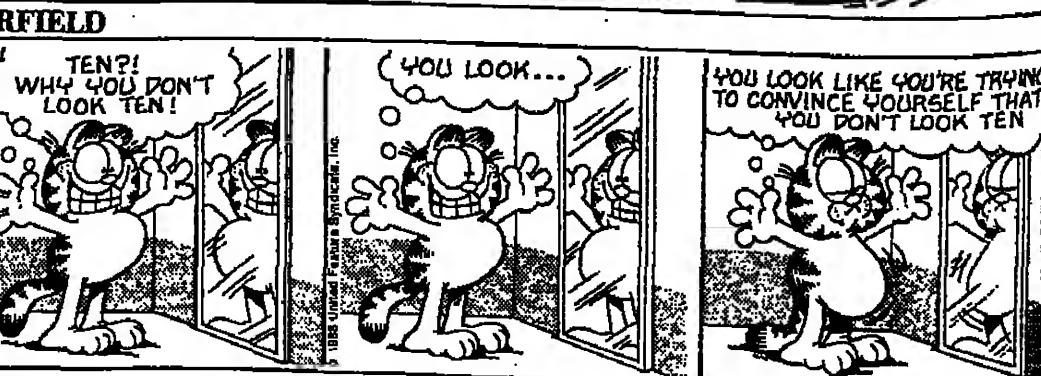
MY TEA?

YOURSELF!

Jumbles: YALVE PIFTY BECALM When he lost his keys and couldn't get it, it ran around the house until he was this...









Indians' Candiotti, Allanson Rout Yanks

The Associated Press EVELAND --- Andy Allanthis first grand slam home run major leagues and Tom Canwitched a six-hitter Sunday to personal five-game losing W York Yankees, 11-3.

ndiotti, 7-6, struck out 10 and none in his league-leading Marian after his credit to much beginning SUNDAY BASEBALL in complete game but his first

ctory since May 18. The Indians is described just two runs in each of c five losses in his streak. The Indians made it 6-3 in the rth on Julio Franco's run-scoring rgle and a bases-loaded wild tch by reliever Tim Stoddard, 30 walked five of the eight batters

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It became 11-3 in the seventh en Stoddard walked Dave Clark four pitches with the bases load-Re to force in a run and Allanson Charles Hudson's second pitch his fourth homer this year. Bine Jays 6, Tigers 4: In Detroit se Barfield drove in three runs

ih his second homer in two games. en broke a 4-4 tie in the minth with wo-out RBI single for Toronto. Red Sox 15, Orioles 7: In Baltime, Marty Barrett got four of ston's 23 hits, the most in the ior leagues this season, and ike Greenwell drove in five runs

ting the rout. White Sox 5, Brewers 0: In Mil-- mkee Dave LaPoint pitched a ee-hitter for his first victory - : xe May 14 and Daryl Boston's o-run homer helped Chicago ... ding Ton Filer's 12-game, six-- ar winning streak.

Angels 5, Royals 0: In Kansas y, Missouri, Wally Joyner and inmy Ray each drove in two runs - ile Mike Witt, who allowed eight = s in 8% innings, stretched his reless streak to 21% innings as lifornia swept a three-game se-B Bin Str. Sin Royals Stadium for the first e since 1979.

Mets 6, Philles 0: In the Nation-League, in New York, David - ne pitched 7½ hitless innings -d finished with a two-hitter inst Philadelphia

.With one out in the eighth, Cone Phil Bradley with a pitch and, e out later. Steve Jeltz's soft line ve into shallow center field endthe no-hit bid. The only other hit Cone was Milt Thompson's sinin the ninth.

Cone, 8-1, struck out seven and

ond-best in league. -Pirates 3, Cardinals 2: In Pitts-

walked two on route to his second

shutout this season, which lowered

his carned-run average to 1.65, sec-

burgh, Bob Walk outpitched former teammate Larry McWilliams and Andy Van Slyke tripled in the go-ahead runs against St. Louis in the eighth inning.

Walk allowed four hits in 8% innings to win the for the fourth time in his last five decisions. He has allowed only one run in his last two starts and only two runs in his last three. McWilliams allowed the three runs and six hits in eight innings. He was cut by the Pirates in April 1987.

Astros 6, Braves 4: In Atlanta, Craig Reynolds, Denny Walling and Terry Puhl each hit run-scoring singles in the eighth, off relief ace Bruce Sutter, to raily Houston.

Giants 5, Reds 3: In Cincinnati Mike Aldrete hit a three-run donble during San Francisco's fourrm third inning Cubs 9, Expos 3: In Chicago,

Andre Dawson homered, tripled doubled and drove in three runs to help sweep the three-game series with Montreal



In the third inning Saturday in Cleveland, New York's Rickey Henderson went high to rob Joe Carter of a home run, left; two innings later Henderson went low to avoid the sweeping tag of catcher Andy Allanson. The Yankees defeated the Indians by 6-3.

Maddux Wins No. 12 by 5-Hitting Expos

Compiled by Our Staff From Dispatches CHICAGO - Greg Maddux, the 22-year-old called "Batboy" by Chicago Cub teammates because of his boyish looks, Saturday became the major leagues' first 12-game winner of the year with a five-hit, 3-0 victory over the Montreal Expos. "There's nobody that's going to take this gry lightly in this league

SATURDAY BASEBALL

right now," said the Cubs' manager, Don Zimmer. "They all know what he's done. It's not a matter of hick. This guy's just pitched great." Maddux, 12-3, who is an unim-

pressive 6 feet (1.82 meters) and 150 pounds (68 kilograms), pitched his third shutout and fifth complete game of 1988 by holding the Expos to five singles and one intentional walk. He struck out five, including Andres Galarraga, the National League's leading hitter, three times.

Having gone 6-14 last year, he said "it feels good, but it's only June. It would be nice if it was October and it was the same way.

chelberger, 2-8, L-D.Smith, 3-4, HR-Hous-

Second Game

Los Angeles, Shelby (4), Dempsey (2).

Philippielphie, Schmidt (6).

St Louis, McGee (1).

10-4. L-Boutisto. 2-4.

Detroit, Sheridon (8), Evans (7).

Nelson, 5-2 L-Mohorcic, 2-5.

ione, W--Minton, 1-1. L-Gleaton, 0-1.

Persz, Davis (2), Blittiger (7) and Salos:

NATIONAL LEAGUE

Downs, D.Robinson (7) and Manwering

Brenty (6); R.Robinson, Williams (6), Mur-

phy (7). Franco (9) and McGriff. W-R. Robin-

son, 3-5, L-Downs, 4-7, \$v-Franco (8), HR-

Dopson, Parrett (8) and Reed; Maddux and

Show, Leiper (7) and Parent; Beicher,

Orosco (7), Howell (8) and Sciescia. W--

Beicher, 4-L L-Show, 5-7. Sv-Howell (8).

HRs—Los Angeles, Hamilton (2), Gibson (13).

Tudor, Terry (7) and Pena: Fisher, Rucker

(7), B_lones (8), Gott (9) and Ortiz W-Tudor,

3-2 L-Flance, 4-5. Sv-Torry (2), HR3-Pills-

BOD 100 800 000 82-3 7 4

burgh, Von Styke (11), Bream (4).

Davis, W-Moddux, 12-3, L-Double, 1-5.

Cincinnatil Sabe (8).

Wegman, Plesac (9) and Surhaft. W-Weg-

mon. 6-5, L.—Perez, 6-1, 5v—Plesoc (16).

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D.Jackson, 7-3. L-Hammaker, 3-1.

SATURDAY'S RESULTS

AMERICAN LEAGUE

ton, G.Dovis (14).

But at this time last year I'd won Chicago took a 1-0 lead in the

second, when Vance Law hit a linedrive single that scored Ryne Sandberg, who had walked and moved to third on a single by Mark Grace. It became 2-0 in the third when Rafael Palmeiro doubled, increasing his league-leading total to 23, went to third on a passed ball and scored on Andre Dawson's double. Dawson's single in the eighth accounted for the final run.

Dodgers 3, Padres 0: In Los Angeles, rookie Tim Belcher and two relievers held San Diego to five hits and Jeff Hamilton and Kirk Gibson homered as the Dodgers ended three-game losing streak. The Padres had won eight of their last nine. and five straight over Los Angeles. Cardinals 6, Pirates 3: In Pittsburgh. Willie McGee got two hits,

stole two bases, drove in two runs and scored twice to help send the Pirates to the third straight loss. Reds 3. Giants 2: In Cincinnati rookie Chris Sabo homered, tripled

and doubled twice, scored two runs

and drove in one while Ron Robin- Walt Terrell pitched a three-hitter son held San Francisco to five hits against Toronto and Pat Sheridan for eight innings.

Mets 3, Phillies 2: In New York. Gary Carter's sacrifice fly and Keith Miller's two-out, bases-loaded infield single, following two intentional walks in the 14th, beat Philadelphia as shortstop Steve Jeltz could not get the ball from his glove in time to get an out.

Astros 14. Braves 7: In Atlanta Glenn Davis hit his league-leading 17th homer during Houston's nine- as the Athletics beat Texas in a Red Sox 5, Orioles 0: In the American League, in Baltimore,

Roger Clemens pitched his sixth shutout this year and Dwight Evans drove in two runs for Boston, Clemens raised his road record to 8-0, striking out nine to run his major-league-leading total to 149. Yankees 6, Indians 3: In Cleve-

land. Don Mattingly tied the score with a two-run double and Dave Winfield's two-run home run capped a live-run fifth as New York ended a three-game losing streak. Tigers 6, Blue Jays 1: In Detroit nings.

drove in four runs with a homer and double. Terrell struck out two and walked one for his first victory since May 22. The only hits off him were Nelson Linano's singles in the first and fourth and Jesse Barfield's twoout home run in the eighth.

Athletics 2, Rangers 1: In Oakland, California, Ron Hassey singled in Luis Polonia, who had singled and stolen second in the 13th,

City, Missouri, Johnny Ray and rightfully so. If we didn't we Brian Downing singled in runs dur- wouldn't be human. It'll get tight ing a three-run ninth that rallied but that's what it's all about."

its sixth consecutive loss.

Strange Leads Open by 1

BROOKLINE, Massachusetts — Curtis Strange, whose five victories in the last year have given him the best current record in professional golf, made a move Saturday toward winning one of the sport's major tournaments, the 88th U.S. Open. Despite a struggle over the last three holes, two of which he bogeyed before a marvelous save of par out of a bunker at 18, the 33-

year-old Virginian held on for a one-stroke lead going into Sunday's final round. Right behind him were Nick Faldo of England, who won the 1987 British Open; Scott Sunpson, the defending U.S. Open champion who had led after Friday's second round, and Bob Gilder, a determined man who has remained high

By Gordon S. White Jr.

New York Times Service

Wisolisa

in the field for three days. "I feel good," Strange said. "Anytime you're leading going into the final round you have to feel

Among the things he did right on The Country Club's 7,010-yard (6.402-meter) Open course was to shoot three-under-par 32 on the front nine and take over the lead with a birdie on the par-5 ninth Strange went on to complete his round in two-under-par 69 for a 54hole total of 206.

But he had let a three-shot lead diminish to only one stroke with a bunkered tee shot at No. 16 and three putts at No. 17.

Gilder, who suffered with a double-bogey 6 on the 15th hole, came in with a 70 for 207, while Faldo shot 68 and Simpson carded 72 to lose the lead he held for a day, D.A. Weibring, who has had a

stomach flu this week, and Larry

Mize, winner of the 1987 Masters, were another shot back at 208. "It's hard sometimes when your body is telling you to lay down and

here you are in an important golf tournament," Weibring said. Strange, speaking of the final second straight extra-inning game. round, said: "We'll all feel a little Angels 6. Royals 3: In Kansas nervous tomorrow morning. And

Strange, among the pretourna-Twins 6, Mariners 2: In Minne-ment favorites, is seeking his first apolis. Tom Herr had three hits and triumph in one of the four major scored three runs as his team won pro championships: the Masters its fourth straight, handing Scattle the U.S. and the British opens and the PGA Championship. Faldo. Brewers 6, White Sox 3: In Mil- one of the leading choices going waukee, Robin Yount drove in into this Open, was probably the three runs while Bill Wegman held only remaining foreign player with Chicago to seven hits for eight in- a realistic chance, since the next

(UPI, AP) closest, Seve Ballesteros of Spain

MONDAY SPORTS

Greg Norman, the 33-year-old Australian rated one of the two or three best golfers in the world, had to withdraw Friday when he sprained his left wrist. He said that he probably would be able to play in the next major championship, the British Open, July 14-17, but that he has been ordered by doctors to wait 10 days before hitting a golf shot again. Meanwhile, he was to keep his wrist as immobile as possible using a sling and brace.

Norman, who won the 1986 British Open, struck a rock hidden under his ball while making his fourth shot on the ninth hole Friday. "I've had the same injury for a long time and aggravated it again," he said.

A gentle rain that fell Saturday broke the record heat spell that had hung over the first two rounds and made the course a bit easier to play. The deep rough, so dry for the first two rounds that golfers could get

wet and far more clinging. Simpson learned on the fifth hole, taking double bogey when he could not extricate himself from the rough on his first try. That cost

out more easily than usual became

him the lead. Later in the day dark clouds be-

gan rolling in and when Strange. about to tee off on No. 12th, saw a big bolt of lightning he turned to two U.S. Golf Association officials



Curtis Strange: "I feel good."

and Tommy Nakajima of Japan, nearby and invoked his privilege of were tied for 23d with 215 each. refusing to play on.

P.J. Boarwright, one of those officials, ordered a suspension of play that lasted for 1 hour, 5 minutes,

Once play resumed, Strange two-putted to par the difficult par-4 hole with the blind second shot over a 50-foot (15-meter) cliff to a tiny green. At the par-5 14th, he made a poor drive left into a bun-ker but got a birdie when he rolled in an 18-foot putt. He did that just seconds after Gilder had dropped a 27-foot birdie putt to tie Strange for the lead.

Rain began as Gilder took his double bogey 6 on 15, which put Strange again ahead by three.

Faldo got even with Gilder by sinking a bird on the last hole and Mize birdied 17 to get into that three-way tie for second. But Strange lost his chance to

have a real grip on the title when he blasted free of a bunker on the par-3 16th and needed two putts to get down. His lead was cut by another shot when he lipped out a two-foot second putt on No. 17. His approach at No. 18 landed in

the bunker fronting the green, so he had to work out of that sand for the third time in three days. He got his par by sinking the one putt for the second straight day.

"I've been in that bunker all three rounds so I know it inside and out," Strange said. On Friday, Simpson had shot a

course-record 66 and tied an Open 36-hole mark of seven under par as he took a one-stroke lead over his friend Mize.

But Sandy Lyle of England, who shared the first-round lead with Gilder and Mike Nicolette, started strongly, then took three bogeys on the back nine to finish with 71-139. That tied him with Faldo, who shot 67. Nicolette faded from contention with 73 Friday, then 77 Saturday.

Lyle began the second round as if he would take command, rolling in a 10-foot comeback putt to save par at the second hole. He did even better on No. 3, sinking a 60-foot birdie putt from the front fringe. Birdies at No. 4 and No. 9 got him to six under for the tournament. At the 11th after he hit his approach shot too far and had to chip back to a green falling away dowhill, his ball slid 20 feet by the cap but he holed the putt to save par.

His luck changed when he missed a six-foot par putt on 12, then another at 13. He bogeyed the 18th when he drove into the left rough. And Saturday, he fell further from contention by carding 75.

Other first-round matches on the

men's side worth watching include

fifth-seeded Jimmy Connors, still

questionable with a foot injury.

against Leif Shiras, a grasscourt

JUNESCOREBOARD

BASEBALL

iday's and Saturday's Major League Line Scores

FRIDAY'S RESULTS AMERICAN LEAGUE 190 000 120-4 6 andstoric, Allen (6), Hudson (8) and Skin-Geren (7); Forrell, D.Jones (8) and Allon-W-Forrett, 7-4, L-Condelaria, 8-3, 5vines (14). HRS-New York, Clork (13). retand. Kittie 2 (9).

'ankheed, Numez (6), Aljockson (6) and e: Vicio, Berenguer (7), Reardon (9) and : dner. W-Viola, 10-2, L-Bankhead, 1-3. -Recordon (18), HR-Scottle, Valle (5). 800 802 505-2 6 1 210 610 633-7 14 1 -mg, Horion (B), Bittiger (B) and Solas; rust, Mirobello (7), Crim (8) and Surhoff. August, 3-1. L-Long, 2-2. Sv--Crim (3). -Chicogo, Lyons (2), Allwoukee, Leon-

002 900 000 06-2 3 1 000 002 000 01-3 7 1 ryd, L.Smith (?), Lomp (10) and Gedman; , bs. Schmidt (18) and Tettleton. W. midt 3-2 t Lame, 1-3. HR-Boltimore, 948 BID 25x-12 14 4

rutti, Eichhorn (4), Weils (5), D.Word (8), 1 (2) and Borders; Tonone, Kins (4), Her-/iez (7), Herneman (9) and Heath, Wvandaz, 42 L—Wells, 3-4, HRs—Defroit, ion (4), Do.Evana (6), 491 061 100-7 10 0 teser, Corbett (6), Cliburn (7) and Boone; ar. Quisenberry (3), Montgomery (5),

per (8). Part (9) and Gultic W-Cliburn, 2--Garber, 6-2, HR-California, C.Davis (5). 002 283 010 000 01-7 11 2 gnon, Williams (8), Mohorcic (13) and (i) Stewart, Nelson (7), Eckersley (8), get (10), Plunk (11), Hopeycutt (12) and back W-Honeyoutt 20. L-Mohercic

Texas, Petrolli (3), Oakland, Stein-1 (3), Conseco (17). NATIONAL LEAGUE 000 416 200-3 5 1 063 648 80xx-7 12 5 imith, Hesketh (5), Healon (7) and Read; iffe, Lancaster (7) and Berryhill W-

life, 5-4. L—B_Smith, 4-5. Sv—Lencester HR-Montreal Raines (7). First Game 810 200 000—3 B 000 020 TTX-4 8 3 epper, Anderson (7) and Trevino: Mah-Assemmacher (8), Suffer (9) and Virgil

m, 1-3. Sv--Sutter (18), HRs--Houston (5). Atlanta, Murphy (10). Second Germa G70 000 005-6 T7 dulor, Childress (6), Agosto (9), D.Smith

ind Ashby; Puleo, Alvarez (3), Elchelijor League Standings

AMERICAN LEAGUE 35 36 AT 18 48 273 23 76 42 NATIONAL LEAGUE East Division

L PCL GB .523 ATT 11 29 35 ,453 129/2

Rowley, Bedroslan (9), Harris (12), Rifchie (14), Frohwirth (14) and Parrish; Fernandez, McDowell (8), Myers (9), Walter (12), Leach (13) and Carter, Sasser (13), W-Leach, 2-1. L-Frohwirth, 0-2 963 B11 986-14 17 112 863 860- 7 12 4 L PCL GB Ryon, Agosto (4), Anderson (7) and Ashby, Trevino (8); Coffmon, Assenmacher (7), El-25 . 31 .530 chelberger (7), Puleo (8) and Virgil, Benedici (8). W-Aposto, 4-8. L-Assenmocher, 2-4. Sy-Angersen (7). HRs-Houston, Doron (2). Davis (17), Atlanta, Thomas 2 (4), Griffer (2).

GOLF

U.S. Open

70-67-49-206 **Curtis Strange** Nick Feldo 72-67-48-207 68-69-70-207 67-64-72-207 Whifson, Mc.Davis (8) and Santiage; Leary, 71-59-68-206 D.A. Weibring Crews (6), A.Pena (7) and Scioscia. W--Whit-69-67-72-200 son, 7-5. L-Leary, 5-5. Sy-MalDavis (11). 71-72-86-209 72-67-71-210 Fred Couples 902 901 190-4 9 1 Lonny Workins 70-71-70-211 72-70-70-212 Rosmusser, McCullers (7) and Santiago: 72-69-72-213 Sutton, Holton (6), Oresco (8), J.Howell (7) 71-71-72-214 and Demosey, Sciescia (7), W-Resmussen,4-71-71-72-214 4. L-Holton, 2-1. Sv-McCullers (6). HRs-72-69-73-214 73-67-74-214 75-71-68-214 74-71-69-214 K.Gross, Bedrosion (?) and Parrish; Goo-76-68-70-214 den, McDowell (8) and Carter, W-K.Grass, I-71-72-71---214 2 L-Gooden, 9-3, Sv-Bedrosken (19), HR-70-73-71-214 Croip Stodler 77-72-71-214 48-71-75-214 101 400 00x 7 1 49-70-76-215 49-74-72-215 Seve Bollestero Manwarine: D.Jackson and Magriff. W-72-72-71-215 74-72-69-215 162 120 661-7 11 1 74-72-69-215 Marorane, Worrell (9) and Pena: Donne 73-73-70-216 Kipper (6), Rucker (8), J.Robinson (9) and 74-72-79-216 Ortiz W--Magrane, 1-1, L--Dunne, 4-5, HR--71-74-71--214 73-72-71-216 FUZZY Zoelle 73-72-71-216 Chin Beck 73-72-72-217 73-72-72-217 000 000 000-0 7 P 73-73-71-277 Clemens and Geomon: Boutista, Sisk (5), 75-77-77-217 Niedenfuer (9) and Kennedy, W-Clemens, 72-74-77---217 72-71-74-217 71-72-74-217 181 867 866-3 6 6 77-72-75-218 Rhoden, Guente (7) and Skinner: Balles, 75-70-73-218 Perimon (5) and Allenson, W-Rhoden, 3-5. 73-72-73-218 L-Bailes, 5-6, Sv-Guante (B), HRs-New 77-48-73-218 York, Winfield (15). Cleveland, Carter (13). 68-73-77-218 DOS 800 878-1 3 1 73-68-78-219 69-75-75--219 Clancy, Nunez (5), Henke (8) and Whitt; 72-73-74--211 Terrell and Nokes, Heath (9), W-Terrell, 3-3. 73-73-73-219 L-Clancy, 3-9. HRs-Toronto, Borfleid (4). 73-73-73-219 77-69-74-220 75-71-74-220 900 BIR 800 900 1-2 7 0 72-73-75-220 Hough, Williams (11), Cecano (12), Mohor-76-89-75-220 elc (12) and Patrolli Stanley (11); Burns. 72-72-76-220 Codoret (9), Nelson (10) and Hassey, W-72-73-74-271 74-72-75-221 Hal Sutton 73-73-75-22 Dovid Ishii 283 188 28x-6 11 1 Swift Scurry (7), Reed (7) and Valle; Lea, Atherton (8), Best (7), Reciden (7) and Horper. 14-Lec. 3-3 L-Swift 5-L Sv-Reardon (19). 74-71-77-222 110 100 003-6 12 5 POR BOX 888-3 6 8 Finley, Minton (6) and Boone, Miller (7): Bonnister, Gleaton (7), Forr (9) and Macfor-

European Championship

GROUP ONE W L T CF GA PM June 16: West Germany I, flaty 1 June 11: Spain 3. Denmark 2 June 14: West Germany 2 Denmark 0; Italy June 17: West Germany 2. Spoin 0; Italy 2.

0 3 0 2 7 0 June 12: Ireland 1, England 0; Saviet Union L Netherlands D Jane 15; Natherlands 2, England 1; Ireland , Soviet Union 1 June 18: Soviet Union 3. England 1; Nether-

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2. Alain Prest. France, McLaren Handa. 3. Thierry Boutsen, Belgium, Benefiton 4. Andrea de Cesaris, Italy, Riel Ford, 1 lap 5, Jonathan Palmer, Britain, Tyrrell Ford,

6. PierLuisi Martini, Italy, Minardi Ford. 1 7. Yannick Dalmas, France, Larrousse/Cal-& Alex Caffi, Italy, BMS Dollare Ford, 2 lass 9. Julian Bailey, Britain, Tyrrell Ford 4 laps

(Only sine placed) DRIVER STANDINGS I. Aloin Prost, France, McLaren-Hondo, 45. 2. Ayrton Senna, Brazil, McLaren-Honda, 33. L Gerhard Berper, Austria, Ferrari, 18. 4. Nelson Piquet, Brazil, Lotus-Honda; hierry Boutson, Belgium, Benetton-Ford, 11, s. Michele Alboreto, Italy, Ferrari, 9. 7. Derek Worwick, England, Arrows-Mego

3. Jonathan Palmer, England, Tyrrell-Ford, R. Andrea de Cesaris, italy, Rial-Frd, 1. 10. Ivan Canelli, Ifaly, March-Judd, 2. 11. Alessandro Nannini, Italy, Benefion-Ford; Eddle Cheever, U.S. Arrows-Magairan; Liccordo Patress, Italy, Williams-Judd; Pier

ulgi Martini, Italy, Minardi-Ford; Sateru Na-

kalima, Japan, Letus, Handa, 1,

TENNIS

MEN'S TOURNAMENTS (At Hoylake England) Dovid Pate, U.S., def. Christo Von Rensburg, South Africa 7-4 6-4

(A) Bristel, England) Christian Socianu, West Germany, del. Ronesh Krishnan, India, 6-4, 2-6, 6-2.

WOMEN'S TOURNAMENT (At Eastbourne, England) Mortina Navratilova, U.S., def. Natalia Zverevo, Soviet Union, 6-2 6-2.

TRANSITION

BASEBALL American League BALTIMORE-Signed Arthur Rhodes oticher, and assigned him to Bivefield of the legalachian Legaue.

CALIFORNIA-Ploced DeWayne Buice. elicher, on the 15-day disabled list refronctive CLEVELAND-Placed Rich Yeti, plicher. on the 15-day disabled list, retreactive to June 14. Purchased the contract of Rick Radriguez. elicher, from Colorado at the Pacific Coast Lengue, Signed Mark Lewis, infleider, and resigned him to Burlington of the Appetic

WEST LEGGUE. ALLWAUKEE-Signed Mike Borrold, outfielder, and assigned him to Helena of the OAKLAND-Sent Matt Staatre, cotcher. outright to Tecomes of the Pocific Coast League, Receiled Todd Burns, pitcher, from

KANSAS CITY-Signed Tim Spetr, coich-

er, and assigned him to Appleton of the Mid-

SEATTLE-Signed Ricky Condetori, butfielder, and assigned him to Bellingham of the Northwest League, Signed Jaron Robles, secand basemen: Chris Howard and Johan Miller, catchers; Kelvin Thomas, centerfielder; Doug Davis and Mark Rozook, infielders; Julio Reven, Tim Storgell and Tom Brock, outfleiders: Keith Barrett, outfleider-infielder: Albert Felix, Ben Burnou, Jomes Kosnik, Joe White, John Kohill Michael Beiras und Thomas Lies, sitchers; and Delvin Thomas and Michael McLaughlin, shortstops. TEXAS-Optioned Oddibe McDowell, out-

National League LEAGUE-Suspended Cincinnati infletter Dave Concepcion two days and fined him on undisclosed amount for throwing a base during a game June 17 against San Francisco. CINCINNATI-Troded Buddy Bell, third xiseman, to Houston for a minor-league playor to be numed at the end of the season.

HOUSTON-Activated Joaquin Andulor,

plicher, from the 15-day disabled list. Sent Jeff

Heathcock, afficher, to Tucson of the Pocific

Helder, to Oktohoma City, American Associo-

tion. Called up Barbaro Garbey, outileider.

from Oklahoma City.

Coast League.

Wimbledon, as Usual, All Set to Wow 'Em By John Feinstein Washington Past Service

LONDON — There's a musical playing here called "Winnie." about Churchill's first two years as Prime Minister at the outset of World War IL Throughout, Churchill uses the word wow, having picked it up on a trip to America. When he is really pleased or excited Churchill rolls his cigar in his

mouth and says, "Wow!" For much of the last two years tennis has been lacking in wows. It has mainly been Ivan Lendl and Mats Wilander slugging away endlessly from the first to the last, and Steffi Graf relentlessly closing in on Martina Navratilova and Chris Evert with no one even close to those three.

The exception has been Wimbledon. It was Wimbledon three years ago that produced the miracle of Boris Becker, the 17-year-old prodigy coming from nowhere to become the youngest champion in 99 years of tennis here. It was Wimbledon that in the last two years has produced Becker's dramatic defense of his title, Pat Cash's superb victory of National Football League's mana year ago and Navratilova's con- agement and its players are at an tinuing drive for a record nine wom-

en's singles championships. On Monday, everyone comes back to Wimbledon and the potential for two weeks of wows is evident. The men's field is frought with potential and question marks and, although the women will probably be reduced in the end to a Graf-Navratilova rematch, that final alone could give the women's tournament enough magic to last a year.

It will be Cash who gets the first moment of glory when he plays the teatns' offers to their players, and traditional opening match Monday had to be compensated if they lost afternoon as the defending men's free agents to other teams. champion against qualifier Todd The players' union made free agency Woodbridge, a fellow Australian. Cash is one of those who is a the failure to reach an agreement led

factor four years ago when, at 19, trust suit against the league here in he upset Wilander and reached the January, has argued that players semifinals. In the 12 months since whose individual contracts expired he blew Lendl away in the final in February should be declared unhere, Cash has been a spotty player. restricted free agents. He lost in the first round of the U.S. Open but came back to beat Lendl again in the Australian Open semifinals before losing a five-set final to Wilander. Cash was an early loser at the Queen's warmup tournament, but he also lost there a

ing appearances and talking confi- not negotiating in good faith. dently about how good the grass feels. Amid wonderful weather, ev- deadlock," Doty said, "and the perhaps, of Lendl.

London tabloids. And this is the ful. But no party should take a lack icurnament he least likes. He has of hope here. . . . lost the last two finals, both times in

says this is the tournament he wants shouldn't be beating up on Lendl in to win most — having won three three straight sets a week before U.S. Opens and three French Opens Wimbledon. After each loss, Lendl

improve his grass-court game. ing. After a surprising quarterfinal seems bothered by a chest injury he pose no threat to him at all. Felgate suffered there, although he says he is is ranked 360th worldwide and has fine. In two exhibitions last week he never played himself into this tourwas soundly beaten by Henri Le-nament. But in the second round conte - which can happen to any- Lendl could meet Darren Cahill,

and has worked and worked to fled without a word or a shower.

Judge Rules Impasse In NFL Labor Talks

By Thomas George

New York Times Service MINNEAPOLIS - A federal judge ruled late Friday that the impasse in labor negotiations. The decision left open the possibility of unrestricted free agency for more than 300 players whose contracts

expired in February. Judge David Doty, in U.S. District Court, said he would take under advisement whether to grant a preliminary injunction that would make the players free agents.

the key issue in the labor talks, and different player on grass than on to a 24-day strike last fall. With no any other surface. He first an- collective bargaining agreement in need his arrival as an important place the union which filed an anti-

> NFL training camps open July 10, and Doty said he would decide before then whether to issue an

In late April, the National Labor Relations Board's general counsel ruled that an impasse existed in the year ago before blitzing the field at negotiations. In January, Doty ruled that he could not decide the Most of the players expected to case until the NLRB made its rulchallenge him seriously have been ing. The owners had asked the playing various exhibitions, mak- board to rule that the players were

eryone had plenty of time to get court finds the sides are at impasse; comfortable. With the exception, they had met 30 times and still not

"An impasse is synonymous with

During proceedings Friday, Paul straight sets, to Becker and Cash. He Tagliabue, amorney for the NFL

He will open Monday against But last week was not encourage. David Felgate, one of the eight Englishmen to receive a wild card into loss in the French Open, Lendl still the field and a player who should

body when Leconte is hot - and by who beat Cash at Queen's. That Richey Reneberg. Reneberg is a match could prove interesting if

Management Council, continued

defense," Tagliabue said, referring

What happened in those private

attention before the parties went to

"They argue there have been no

new proposals, but what incentive

did management have for making

new proposals just so the players

could have more to use and throw

toward an impasse? The whole

down and reach an agreement,

Doty said. "The court is not the

place to decide this kind of dispute.

Gene Upshaw, the union's exec-

utive director, said as he left the

courtroom that new face-to-face

bargaining wasn't likely. "There is

a very good possibility we'll see the

players affected by this holding out

of training camp," Upshaw said.

"The players all want to see what

happens. At this point, as far as

collective bargaining to decide this,

any bargaining must be done

through counsel.

but the court will issue an order.

tions were ongoing.

thing is contrived."

to argue that there wasn't an impasse. They created impasse for a to the NFL Players Association. meetings before the board's findings would be called to the board's lunch, just to try and show negotia-

Under the collective-bargaining agreement that expired last year,

The attorney for the NFLPA teams had the right to match other Carol T. Rieger, said: "It wasn't Your Honor that sent the case to the NLRB; it was management's decision to seek its ruling. And now they're telling you it should have no weight simply because it's a decision they didn't like. Since they walked out Oct. 11 on a negotiating session on free agency, there has not been one proposal. The undisputed facts do support an impasse." Doty agreed with Rieger, but he

encouraged both sides to talk, saying, "I think it's pretty obvious that the court believes collective bargaining is pretty important. Between now and the time you get the next order. I hope both sides sit

reached an agreement. This is his least favorite month of "Although the findings of the the year. He hates the grass and he NLRB general counsel are not hates ducking the questions of the binding, the court finds them help-

specialist: 10th-seeded Tim Mayotte against Matt Anger: Becker vs. Australian John Frawley; Peter Doohan (Becker's conqueror last year) vs. Ken Flach; Émilio Sanchez taking on his younger brother Javier and, of course, the return to Wimbledon — after a three year absence - of John McEnroe. He opens against Horst young player with potential but he Lendl is still fighting himself. Skoff and should meet Mats Wi-

lander in the quarters if the seeds McEnroe played five exhibition matches last week, two in Dublin and three in Liverpool and looked all right but not that sharp. "I still have some work to do to really be ready," he said after losing to Christo Van Rensburg on Friday. "But so far I feel pretty good and

things have gone well." The most excited person at the end of the week was Navratilova. She easily won the Eastbourne warmup for the sixth time in seven years, gaining a small measure of revenge for her French Open defeat on Saturday with a 6-2, 6-2 victory over Natalia Zvereva. Navratilova is shooting for a seventh straight title and a record ninth championship this year and will probably have to beat her oldest rival, Chris Evert in the semifinals and her

toughest rival, Graf, to do it. Like Wilander on the men's side. Graf is halfway to a Grand Slam but her chances are taken far more seriously because she has so few obstacles to overcome. Realistically she shouldn't face any threat until a possible quarterfinal against either Jana Mandhkova or Manuela Maleeva. Maleeva hates grass and Mandlikova hasn't been healthy for over a year. Graf's semifinal matchup will probably be against either Pam Shriver, who left Eastbourne with an injury, or Gabriela Sabatini.

who is struggling these days. So Navratilova, as tough a player as there has ever been here, looks like the only real danger. "I definitely think I have a good chance to win this year," Graf said. "Last year didn't even expect to make the final When I lost there, I didn't even feel that bad. Something was missing.

This year I really want to win." She isn't alone. Navratilova has made this tournament a crusade; Evert would like one last moment of glory; Lendl would give up two of his open titles for one of these; Becker wants revenge for last year; Cash wants to defend; McEnroe wants to make a major comeback: Connors is still Connors; Wilander has a chance at a Grand Slam until someone beats him; and, who knows, maybe someone from Brit-

John Jones, a spokesman for the No tournament in the world has the umpredictability of Wimbleowners, said: 'It's a long process. There's going to be an appeal either don because of the grass, the setway the judge decides. It's still just ting and the stakes. Were Churchill here, he might even say, "Wow!"

ain will win a couple of matches.

Playing Inside Baseball

WASHINGTON — It is one of Tallahassee, Florida, the phrase was a familiar one to baseball fams. side baseball moments that ratify politics as the Ultimate Game. ... "So begins a Michael Kramer column in U.S. News & World Report.

."How could they have been overlooked for so many years?" Mediterranean giant sea slugs, he says, are less ugly than the Oriental. "In a way they're rather attractive, like knobbly whitish cu-A couple of years ago, Tom Oli-Mr. Davidson was a diplomat

> Democratic Party." Richard Weiner, chairman of the Michigan Democratic Party, "are

fight between an Australian and a Washington Post in 1978, "chairs Canadian about medieval thickendlessly boring hearings eners," Mr. Davidson said. This then cuts through testimony with year's symposium, later this month, will have as its theme "The Cooking Pot," with emphasis on eathernware, although copper and iron will, after much discussion,

Mr. Davidson's talk to the frozen food folk, illustrated by fresh fish from the Nice market, had as its point that nearly all the typically "Mediterranean" fish, including even the rascasse, can be found in other waters and therefore authentic Mediterranean dishes can be prepared, and frozen everywhere. But recipes should be authentic, unlike the American recipe for bouillabaisse that says take a can of tomato soup and a can of pea soup, heat in a double boiler and serve.

also be included.

Alan Davidson, wearing his

head mike like a 1920s flapper's

headache band, suggested the au-

dience think of freezing the under-

cions!" Mr. Davidson exclaimed-

until he encountered the giant

Mekong catfish while serving as

Britain's ambassador to Laos in

1975 and resigned from the diplo-

matic service to become a food

scholar, publisher and founder of

the Oxford Symposium, which

may not have the Whirling Der-

vishes that are a feature of the

renowned Konya food sympsia in

Turkey, but which offers its own

"They are absolutely deli-

utilized sea slug.

cumbers."

"It had no fish at all in it," Mr. Davidson said.

After he wound up, the audience was invited to taste platters of Mediterranean dishes that had been prepared according to Claudia Roden's recipes: couscous, lamb stew with dates and apricots, Greek stifato, pilaf with spiced meatballs and pistachios and pine nuts, bourride, risotto, paella, stuffed onions.

By William Safire

"Jack Germond produces a selfdescribed 'inside baseball' syndicated political column;" writes William Prochman in The Washington Post, "with his partner, Jules Wit-

phant of The Boston Globe said that the columnists Rowland Evans and Robert Novak had been "marvelous on the inside baseball of the "The people in my state," said

interested in jobs, the economy and education. The rest is inside base-The phrase has been used outside baseball for at least a decade Senator Edward M. Kennedy, wrote Myra MacPherson in The

inside baseball tokes that no visitors understand but laugh at anyway." The meaning of the phrase can best be ascertained from a brief study of its origin. In "Fungoes, Floaters and Fork Balls," a 1987 baseball dictionary, Patrick Errolano defines the term as "The style of play in which the offensive team tries to score one rin at a time through such factics as the bunt the steal, the hit-and-run, the well-

placed hit and the squeeze." The Baitimore Orioles of the 1890s perfected this type of play: the baseball was then "dead," in contrast to the livelier ball of today, and usually traveled short distances even when a batter connected squarely. Wes Willie ("hit "em where they ain't") Keeler of Baltimore was an exemplar of inside baseball, now frequently called scientific baseball; by the 1920s, along came Babe Ruth, then the livelier ball and a more wide-open, aim-

for-the-fences game. But the earlier style of play is still with us. Whitey Herzog manager of the Kansas City Royals, who liked to put on the double steal or. hit-and-run, was quoted in 1978 as saying, "If you understand 'inside' baseball, you gotta love us."

former voice of the Brooklyn "I've heard biside baseball ever since I've been in baseball. The idea of an inner circle, or sanctum sanctorum, goes back all the way to the

From its sports context comes its political or professional denotation: minutise savored by the cognoscenti; delicious details; nu-ances discussed and dissected by aficionados.

In politics, candidates who say they want to discuss larger issues look down their noses at the journalists and think-tankers who bedevil them with questions about campaign techniques, fund-raising plans and poll results. To them; inside baseball has a pejorative connotation that the phrase new gained in the baseball world. There out-of-season reminiscences by avid fans, accompanied by rumon about next year's activities, an called the "Hot Stove League."

OMING UP fast on the outside is a synonym for inside baseball from the sport of kings. A horse race has long had a sense of "hardfought competition." but when the word stories is added, a new sense is born: emphasis on the who's-ahead aspect of a campaign to the exclusion of the substance presumably being discussed.

. In 1984, Gerald Warren, editor, of The San Diego Union, told a journalism audience that "some say the horse race is the story." In 1988, Irvin Molotsky, reporter

for The New York Times, wrote that the defeated presidential hopeful Bob Dole complained that "reporters repeated gossip, wrote horse race stones' that concentrat ed on who was ahead and put 'titil lation above education." In this criticism, the Republican Secute minority leader repeated the charge of President Jimmy Carter late in the 1980 campaign: that horse race stories contributed to voter apathy. "Few stories are easier," wrote David Shaw in the Los Angeles Times in 1986, "to write - or read -than the horse race story: who's ahead and why." He was referring not to politics, but to the newspaper coverage of television news competition: "There is now a horse race aimost every week in the evening news ratings."...

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The Big Chill, or Cooling It in the Acropolis

International Herald Trabane I ICE — In unseasonable but appropriately chilly weather. 185 delegates from over a dozen countries have gathered in Nice for the sixth World Frozen Food Congress, a biennial event at which a lot of information can be gleaned To wit:

 The fish linger market is stagnating in France, and so is raw pastry dough. • Frezen food sales seem to

MARY BLUME

correlate with sales of microwave

ovens. In the United States, 85 percent of homes have microwaves and each American eats 90 pounds (40 kilgrams) of frozen foods per annum. In Britain, 35 percent of homes have microwaves and consumption of frozen foods is 20 kilos. The Netherlands has a lower microwave count and a frezen food consumption of only 14 kilos.

• There is no satisfactory way to freeze fresh lettuce. • The French housewife spends 3 hours a day in the kitchen, the English housewife 112 hours, the American 30 minutes.

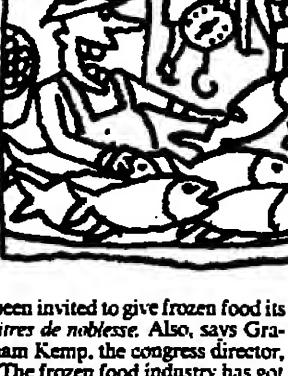
• In Spain, frozen food consumption rose by 800 percent from 1970 to '80, but the 1980 total was only 1.6 kilos a person, In seafood products alone, 1,100 new items were introduced to the U.S. retail market during the 1983-87 period.

 Roger Vergé, the celebrated chef of Mougins, outside Cannes, uses frozen fruit purees, frozen cèpe mushrooms out of season, and, on occasion, frozen aspara- the minds of delegates who seem gus tips.

would be but a small sait lake. The last item comes from Alan

Davidson, the respected food his-particles or blocks and there is torian who is not a delegate but nothing to see or taste: no frozen who has been invited to talk on his marvels such as Japanese Style specialty, fish. Since the theme of Bread Crumbs, Polish squid, Chi- invented in 1960 by a marketing the congress is the Mediterranean, nese scampi, imitation crab from whiz who gave his product what the cookery writer Claudia Roden Scattle, British Chilli Beef Grilla- be hoped was a Danish name alhas also been asked to speak on dos, Thai oysters or Israeli sau- though it was made in the Bronx. the cuisine of the 16 countries that sage rolls. There are no exciting Stevens says their Macadamia border the sea.

met level, a French aide explains tine). that Roden and Davidson have



titres de noblesse. Also, says Gra- ly called the Acropolis, in the Her- to remove it from the frozen cata- there were freezers, leaving an inham Kemp, the congress director, mes room (the Athena room has "The frozen food industry has got been taken by a real estate group). to grow up. It has been too locked Only a few hundred feet away is into basic commodities and has old Nice and the Cours Saleya, forgotten that the public is inter- with piles of gleaming Mediterraested in food and cuisine."

but food and cuisine are far from peaches. to be dark-suited marketing men is climate controlled and people • If a seismic upheaval had not with charts and technologists talk- come and go with flow charts and created the Strait of Gibraltar and ing about aseptic packaging and old bêtes noires such as the puba steady flow of water from the cryogenic freezing, which is costly lie's odd idea that frozen foods are Atlantic, the Mediterranean but particularly effective on not natural. "Natural! Arsenic strawberries and fish.

machines such as the extruder of

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nean fruits and vegetables and the The public may be interested, smells of spices, fresh peonies and

In the convention room the air and strychnine are also natural." Food is referred to as product, says Mark Stevens of Haagen-Dazs ice cream.

Haagen-Dazs, which is expanding to the Orient and Europe, was Brittle was just chosen ice cream Frozen foods having passed millefeuille pastry (the process of the year and that the other big from the convenience to the gour- ends under a pneumatic guillo- news is that Haagen-Dazs is going into soft ice cream.

zen foods may be toward the fresh the viewpoint: chilled foods. Chilled foods are packed in

transparant plastic, are displayed limited shelf life. "Now buyers solve world problems and argue think fresh is best and chilled is fresher than frozen. How ironical," Graham Kemp says. old things in different packets."

Some frozen food people talk of the high bacteria count in chilled foods, others have joined the potential enemy. In the United States chilled and deli foods are on the rise because they take no preparation at all, says Gail Lange of Con Agra, a huge agribusiness conglomerate.

getting ridiculous." she says. Soft ice cream has to be made foods got off to a bad start be- zen foods.

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MAYFAIR. Short let luxury serviced opportments in the heart of Landon's

been invited to give frozen food its. Nice's convention hall, immodest- fresh each day, which would seem cause they were distributed before gory. In fact, the big trend in fro- delible collective memory of ptomaine poisoning. It isn't likely, with the startling development of says Dmitrious Takas, that a rival, or a branch, depending on Greeks are ever going to cluster around the family microwave. "When the weather is warm, no one wants to stay at home," he

Launur V

in horizontal chests, and have a says. "You need to be outdoors to On the last afternoon, a handful of delegates, like defrosting peas

"Chilled food is just putting the in a box, gathered to learn about and taste Mediterranean foods, dishes that can be adapted to local tastes just as a British company added dill to Cajun recipes for the Swedish market. Claudia Roden, Egyptian-born

and the star of a BBC series on Mediterranean food, gave an elegant survey going back to the Phoenicians. The Italian vice, she People find microwavable said is to put Parmesan in everyfoods take too much time. It's thing, Sicily is the only place to use jasmine essence in cooking. At the other end of the spec- Pigs ears and testicles, she rashly trum is Greece, where frozen advised might be packaged as fro-

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